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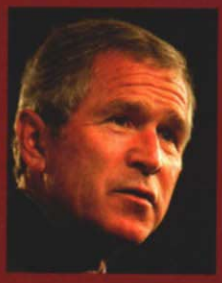

How the Bush economy is costing America jobs...

by Robert J. Shapiro

...and shrinking the embattled middle class

by Robert D. Atkinson

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AMY SULLIVAN: Democrats and religion

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Making history

American voters are uneasy these days, for two reasons. One is war and terrorism overseas—in Iraq and elsewhere. The other is at home: It is the state of our own economy, especially its lack of job growth. These two issues will determine the outcome of this year's election.

On matters of war and terrorism, the Bush administration's record is at best mixed, as Will Marshall details in his column and in his review of James Mann's book on the "Vulcans"—President Bush's war advisors. On the economy, Bush's record isn't mixed at all: It's disastrous. Since he became president, America has lost nearly 3 million manufacturing jobs while the administration has pursued policies, such as its tax cuts tilted toward the rich, that have had the effect of hollowing out the middle class.

As Robert D. Atkinson writes, prospects for job growth in America today are at the bottom and the top of the income scales, leaving the broad middle class in a quandary. The middle-class dream of family security is truly at risk for millions of working Americans. A key reason, notes Atkinson, is the Bush administration's inability to grasp the impact of trade and technology on today's labor market. He outlines a series of measures that could help our economy adapt to these forces—under an administration willing to adopt them.

Robert J. Shapiro gives a negative report card to the White House for not recognizing the profound impact of the liberalization of the global economy during the last 20 years. The administration has failed to respond to the outsourcing of Internet-enabled service industries. And it has totally missed the reasons for recent productivity increases, booking them as investment and innovation gains rather than as what they are—responses to intensified global competition.

Voters will take their discontents into the polling booths on Nov. 2. Mark Gersh, an expert analyst of voting behavior, foresees an election like that of 2000—very close, but with some decisive battleground states. In fact, the battlegrounds have shifted, and as many as 20 states could be up for grabs this year. Gersh's keen analysis shows how seemingly small demographic shifts could be decisive in battleground states such as Ohio, Pennsylvania, and Florida. More than ever, he observes, to capture these states Democrats must craft a message that appeals to both their base and to swing voters.

Democrats have an image problem when it comes to religion. Amy Sullivan challenges the notion, however, that religion is synonymous with Republican, and that all Democrats are secular. The problem, she argues, is that too many Democratic candidates and professionals have shied away from talking about religion, or speaking to the concerns of religious people. Sullivan shows how the central Democratic message of social justice should naturally appeal to religious voters if it is presented clearly.

Historically, American voters have not wanted to change presidents in mid-stream, especially in times of war. The 2004 election may be different. Bush's stewardship is being challenged on all fronts. As our articles show, Democrats have the chance this year to make history—if they get the message right.

—Peter Ross Range

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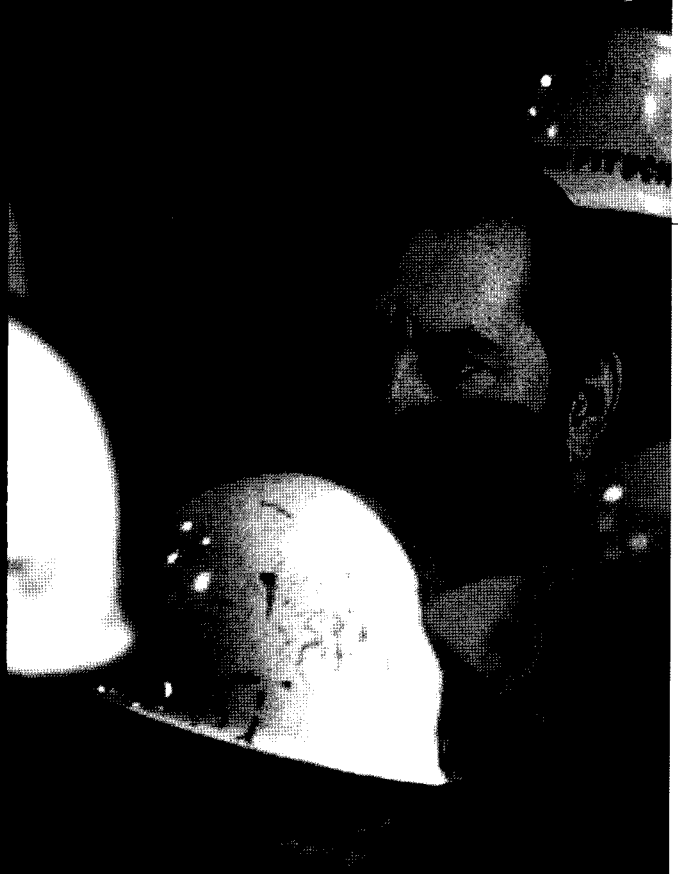

BATTLEGROUND VOTERS: These hardhats in Ohio represent a rich opportunity for John Kerry. With its above-average unemployment rate and dependence on embattled manufacturing sectors, the state could be ground zero for the job loss issue in 2004.

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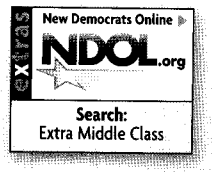

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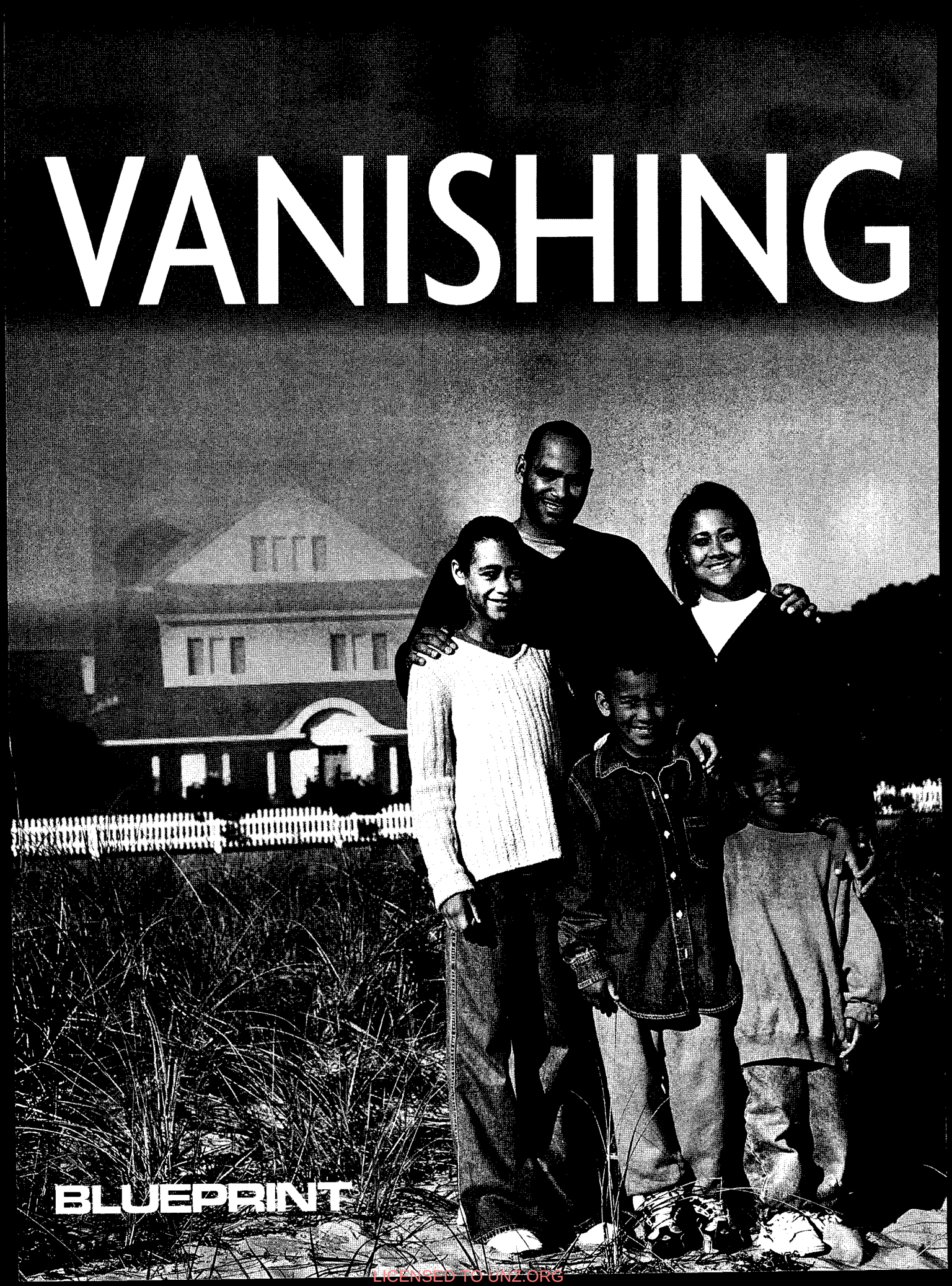

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Dreams

The middle class is getting squeezed in today's economy—and Bush's plutocratic policies are making matters worse.

| *by* **Robert D. Atkinson**

An imbalance between rich and poor is the oldest and most fatal ailment of all republics. —Plutarch

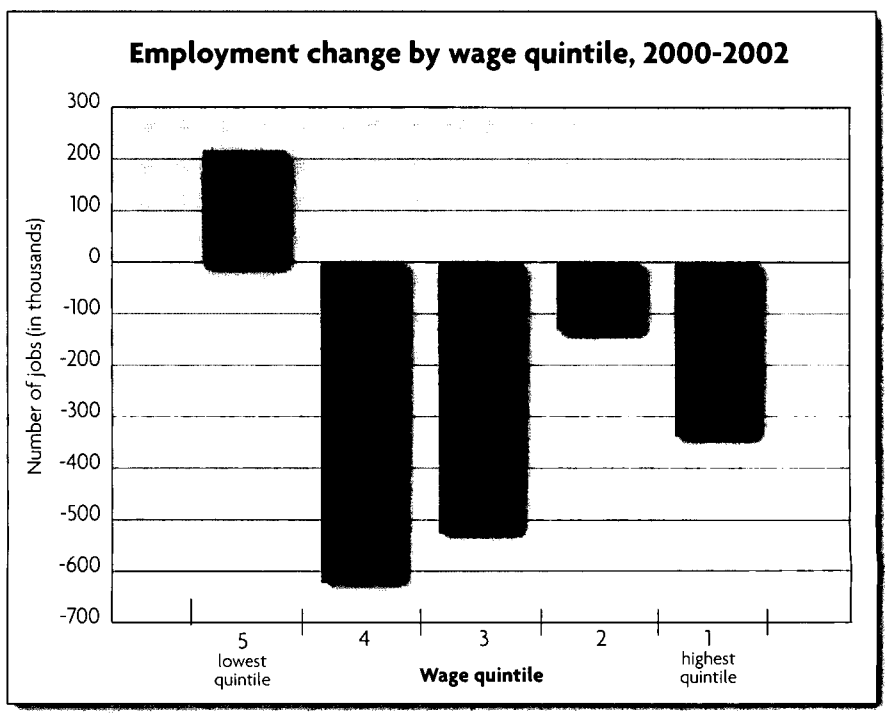
The American dream of owning a home, buying a car, and providing economic security for one's family is a deeply held part of our psyche. But what makes America great is that this dream is not just about some people moving up, it's about all Americans moving up. Indeed, Bill Clinton spoke to that core value when he said, "We need a new spirit of community, a sense that we are all in this together, or the American Dream will continue to wither."

But today there are troubling signs that the dream is withering. Trade, technology, and other market changes appear to be hollowing out the middle class. There are a growing number of high-wage knowledge jobs and low-wage service jobs, but fewer middle-wage manufacturing and office jobs. Moreover, a growing "winner-take-all" economy means that earnings inequality is at an all-time high. The Bush administration has exacerbated these trends with its plutocratic tax policies, making business management guru Peter Drucker's 1992 observation all the more prescient: "There is a danger that the post-capitalist society will become a class society unless service workers attain both income and dignity."

The economic data paint a bleak picture. The Congressional Budget Office recently found that the average after-tax income of the top 1 percent of the population more than doubled over this period, rising from $294,300 in 1979 to $703,100 in 2001, an increase of 139 percent (adjusted for inflation). By contrast, the average after-tax income of the households that make up the middle one-fifth of the population rose only 17 percent, while average after-tax income of the poorest one-fifth of households rose just 8 percent.

This winner-take-all phenomenon has resulted in skyrocketing income levels for those lucky enough to be in the small elite group, whether they are CEOs, entertainers, sports figures, or attorneys. The average compensation of the highest-paid CEOs went from around $5.5 million in 1970 to almost $40 million in 1999 (adjusted for inflation). The national share of wage and salary income going to the top 10 percent, 5 percent and 1 percent of taxpayers has never been higher since 1927.

Some conservatives argue that all that matters is growth. But it's worth comparing Germany and the United States. During the last half of the 1980s and first half of the 1990s, average incomes went up 15.5 percent in the United States and just 10.4 percent in Germany. But looking at median hourly income reveals a different story. U.S. median hourly income actually went



Robert D. Atkinson is vice president of the Progressive Policy Institute and director of its Technology and New Economy Project.

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down 2 percent while German median income went up 14.7 percent. In other words, Germany saw less growth, but a significantly larger number of people benefited from it. While New Democrats are strong proponents of an economic policy that focuses on boosting growth, the comparison between Germany and the United States reminds us that we also can't loose sight of distribution.

Not only has the distribution of incomes gone out of kilter in America, but so has the distribution of jobs, as the share of those with middle-income wages has shrunk. From 2000 to 2002, the economy lost 1.4 million jobs, but during this period, 215,000 jobs in the lowest-wage quintile were added. In contrast, 525,000 jobs were lost in the middle quintile while 623,000 jobs were lost in the fourth wage quintile. While the top two quintiles also lost jobs, they lost considerably fewer, 469,000.

This trend is likely to continue. The Bureau of Labor Statistics (BLS) forecasts that between 2002 and 2012, jobs in the highest two wage quintiles and the lowest wage quintile will grow the fastest, with jobs in the third and fourth quintiles—the working and middle classes—will grow much more slowly. Of the 39 occupational categories where BLS predicts a loss of 5,000 or more jobs, only one, sewing machine operators, is in the lowest wage quintile. None is in the highest. In contrast, of the projected 15 fastest growing occupations, six are in the lowest quintile and three are in the highest. For example, BLS predicts that in 2012 there will be 454,000 more fast food workers making $15,150 and 376,000 more operations managers making $83,590.

Why is labor market growth looking more like a "U" than a straight line? The short answer is trade and technology. Americans have benefited from the low prices and ability to specialize in high-value-added goods and services that globalization brings. But trade has not only put downward pressure on wages in some trade-impacted sectors, it has also led to the elimination of some jobs, particularly lower-middle and middle-wage jobs. The Progressive Policy Institute calculates that, since the end of 2000, increased imports and decreased exports have contributed to the loss of more than 830,000 manufacturing jobs, with approximately 70 percent of these jobs in the second and third wage quintiles. Offshoring service jobs will only exacerbate this trend. While BLS did not factor offshoring into its predictions, projections by Forester Research of the 3.3 million jobs to be lost due to offshoring by 2015 suggest that only 10,000 will be in the lowest wage quintile; almost two-thirds will be in the middle three quintiles.

Technology plays an even bigger role than trade. Since the end of 2000, higher productivity in manufacturing was responsible for the loss of 1.1 million factory jobs and will lead to a continuing decline in the share of factory jobs. And automation is not confined to

Give Him an "F"

| *by* **Robert J. Shapiro**

Everything touched by politics these days seems to turn to hype, but this year's jobs issue is real and far-reaching. The American labor market has shed jobs at record rates through both the recent recession and the current recovery. The underlying cause is closely connected to changes in the global economy, while the extent and duration of the job losses owe much to the Bush administration's refusal to address the impact of these changes on American jobs.

The American economy's prodigious capacity for creating jobs has long been a reliable tenet of economic policy. During President Clinton's two terms, U.S. businesses created 20.5 million jobs. But in recent years, the underlying relationship between growth and jobs appears to have changed.

The recession of 2001 produced much more severe job losses, relative to growth, than any downturn in memory. In 10 months, a recession that reduced real gross domestic product by less than one-half of 1 percent also cut private-sector employment by 2 million jobs, or almost 3 percent. That's *four to five times* the relative job losses in the 1990-91 or 1981-82 recessions, when every one-half of 1 percent drop in GDP reduced private employment by two-thirds to three-fourths of 1 percent.

Now, 27 months into the recovery, private employment is still more than a half-million jobs short of its level when the recession ended in November 2001. In the first 27 months of the two preceding expansions, private employment turned around sharply; every 1 percent increase in GDP translated into job gains of one-third to two-thirds of 1 percent. This time, we have had just one month of strong job creation—277,000 private-sector jobs created this March—and that may reflect the burst of GDP growth from last autumn, after one-time tax rebates were distributed and the Federal Reserve cut interest rates for the last time. Even with those one-month gains, private employment has still *declined* since the recovery began, at an average rate of almost one-tenth of 1 percent for every increase of 1 percent in GDP.

The basic constituents of the American job-creating machine are still there. Compared with other large, advanced economies, our tax and regulatory burdens on labor are still light, companies can still hire and fire workers almost at will, and there's plenty of capital to finance companies' plans to expand their workforces and operations. Yet, if job creation in the current cycle had proceeded at the average rate of previous

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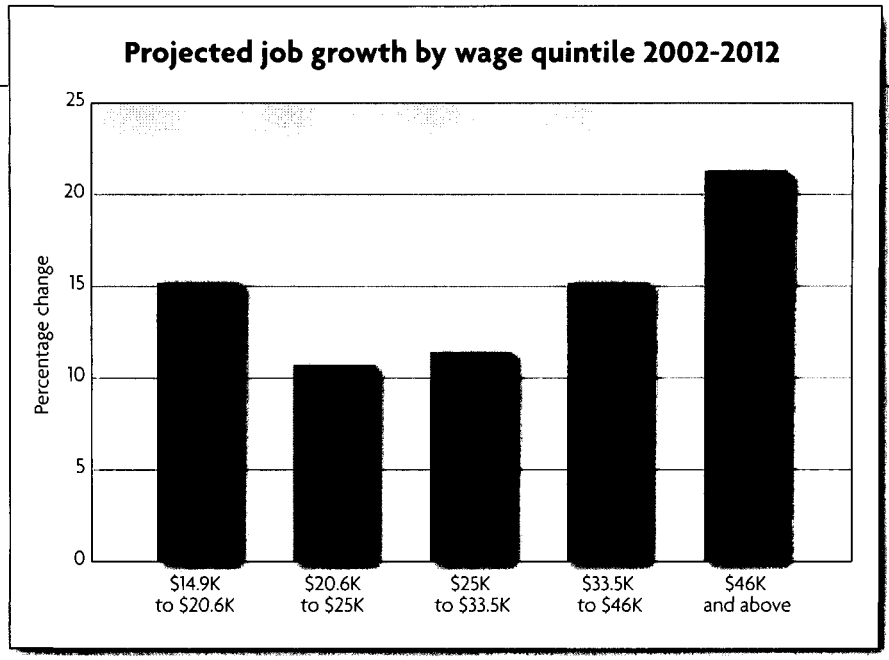

manufacturing. The rise of the digital economy is leading to a new wave of automation in the 34 million jobs involving routine processing of information. This is one reason why the number of travel agent jobs declined by 6,580 in the last three years, as more Americans booked their own trips. It's why the BLS predicts that there will be 28,000 fewer telephone operators (average salary $29,340); 57,000 fewer secretaries ($26,390); and 93,000 fewer word processors ($27,830) in 2012.

As jobs involving routine processing of goods and information are eliminated, two broad occupational areas are likely to expand: the category of managerial, professional, and technical jobs; and service jobs in such fields as health services, child care, food preparation, and custodial services. Both types of jobs are difficult to automate—the former because they involve more complex information management and processing, and the latter because they involve providing services directly to individuals. With those occupations on the rise, there is a real risk that the U.S. economy will be increasingly made up of a growing group of high-wage knowledge workers with high incomes, and a growing group of low-wage service workers. There will be fewer and fewer middle-wage opportunities.

What Should We Do? Conservatives will say that there's nothing to do except perhaps prescribe even more tax cuts for the wealthy. It's their hard work, they argue, that boosts growth. Intervening, they say, rewards laziness and penalizes effort. Liberals meanwhile argue that reducing inequality is important enough to risk sacrificing growth by calling for restrictive measures, such as trade protection. New Democrats believe that high levels of income inequality are not only unfair

post-World War II recoveries, there would be 8.3 million more American jobs today.

The critical difference is the global environment in which job creation occurs: The widespread liberalization of markets around the world in the 1990s has intensified the competition that U.S. firms face, both at home and abroad, creating new pressures to cut labor and other costs.

The Bush administration has failed to appreciate the implications of this wholesale liberalization of markets. Admission to the World Trade Organization (WTO) forced countries like India and China to break up their monopolies and open sectors to both domestic competition and foreign investment, while WTO membership required other countries, such as Brazil and Egypt, to roll back volumes of regulation, to much the same effect.

In central and southern Europe, the price of admission to the European Union (EU) was largely the same. All told, during the last decade, WTO and EU requirements have led more than 100 countries to allow greater competition in hundreds of sectors—from auto, chemicals, and wheat production to banking, distribution, and transportation services. The scale and extent of these changes are truly unprecedented in the history of world trade.

Market economies transmit changes in the terms of competition from one sector to many others. The predictable result has been a cascade of new economic pressures as new competition in certain industries and locations has triggered changes that drive more competition in other sectors and places. For example, the WTO required China to allow more domestic competition and foreign investment in textiles and apparel, among many other areas. Opening up China's apparel sector increased both the quantity and quality of Chinese clothing exports, intensifying competition for apparel makers in places like Thailand and Korea.

Over a few years, these new pressures led Thai and Korean firms (and the foreign banks that lend to them) to shift resources to other manufacturing sectors, such as electronic parts. That shift has produced more competition for electronic partsmakers in places like Germany and Italy, as well as in the United States. As German, Italian, and American banks and firms respond, resources on the margin shift again to other uses—and end up intensifying competition in far-flung areas like medical equipment or financial services.

Take these dynamics and extend them to hundreds of product and service sectors in more than 100 countries, and you have a structural change in global competition.

The first important implication is a "pricing effect," as more intense competition reduces the ability of firms to raise

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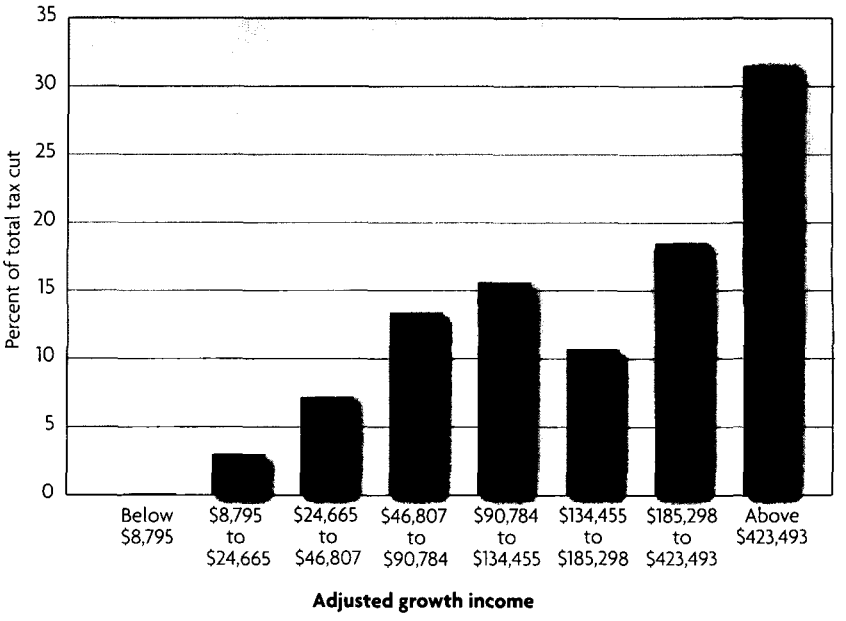
but also a burden on economic growth. To paraphrase John Kennedy, we believe that a rising tide is needed to lift all boats, but without everyone having solid boats, a rising tide may lift yachts the highest.

So what should government do? First, there are things it shouldn't do. It should not try to slow down the changes brought about by trade and technological innovation, since those forces power growth. What about education? Many propose investing in all levels of education as the solvent for the corrosion of inequality. There is no doubt that investments in education will help people move to better jobs. But higher levels of educational attainment alone will not prevent educated middle-class workers from having to move into the growing number of lower-paying jobs. Education can help an individual move from being a cashier to an accountant, but alone it can't create more accountant jobs and fewer cashier jobs.

Share of total Bush income tax and estate tax cuts by income group, through 2011



SOURCE: William G. Gale and Peter Orszag, "Should the President's Tax Cuts be Made Permanent?" The Brookings Institution, March 8, 2004. Figures assume that Alternative Minimum Tax is indexed in 2005.

To help create more relatively good jobs, we need take a number of steps. First, we need to put in place a national innovation agenda to help boost higher-skilled, higher-paid knowledge jobs. This means increasing federal support for research, expanding the R&D tax credit, and boosting e-government and e-commerce, including spurring the deployment of high-speed broadband, among other things.

Public policy should also help organizations that employ workers in low-skill work environments to

their prices. Firms may have to spend more on equipment, marketing, or product development, or face rising costs for health care and energy, as they have done for the past two years. But they've lost the ability to recoup these costs by raising prices. The loss of "pricing leverage" has produced a serious squeeze that can only be relieved in the near term by cutting other costs—starting with labor; hence, much of our current job stagnation.

These dynamics are reinforced by what could be called the "shark effect": Keep moving or perish. As competition has intensified, firms have had to figure out how to be more productive or lose their customers—and maybe their shirts—to rivals far away or nearby. U.S. companies responded powerfully to these forces: Through the 1990s, U.S. business investment accelerated sharply and, with widespread business reforms, lifted the underlying productivity growth of U.S. workers and companies from 1.5 percent a year to more than 2.5 percent. Moreover, since 2001, productivity gains have ratcheted up again, to 4.8 percent a year.

The Bush administration has touted the jump in productivity growth on its watch, assuming that it's an extension of what happened in the 1990s. If that were correct, those gains would have led to strong wage and employment gains, as well as higher profits, as they did in the 1990s. In fact, real wage gains were one-third less in 2002 and 2003, with 4.8 percent annual productivity gains, than they were in the latter 1990s, when productivity grew less than 3 percent a year. If wages had risen at the same rate as in previous postwar recoveries, Americans today would have $400 billion more in purchasing power, which in itself would fuel more jobs.

By its inaction, the Bush administration shows it hasn't understood that the productivity gains of the past few years have come not from bursts of investment and innovation (which both slumped from 2001 to mid-2003), but from an intensification of competition that has forced firms to maintain production while cutting jobs.

Since they don't understand, they haven't done anything about it. George W. Bush has stood idly by as America has lost 2.8 million manufacturing jobs and the total wages paid to U.S. manufacturing workers have fallen by more than 10 percent. He and his administration have done nothing as the spread of the Internet and global business networks has enabled large service companies to send some of their new jobs overseas. We see this new wave of outsourcing mainly in firms facing strong global competition, including wholesale distribution, telecommunications, finance, and information services. But it has also spread to accounting, medicine, law, engineering, and design. The president's only response has

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enrich and expand these jobs in ways that rely on workers' own knowledge and skills to create what some call "high-performance work organizations." Government can play a catalytic role by co-funding industry and union skills alliances through a new National Skills Corporation.

Even with these steps, there will still be a large number of low-wage jobs and high levels of income inequality. As a result, we need to take steps to ensure that the people working in them have the opportunity to do reasonably well economically. One step is to reform labor laws so unions have a fair chance to organize workers in low-wage industries and boost their incomes through collective bargaining. Another is to move decisively toward universal health coverage.

Drucker argues that making "service work productive is the first social priority of the post-capitalist society, in addition to being an economic priority." We should heed his advice. One way to do that is to help spur automation of low-wage jobs so that there are relatively more good-paying jobs relative to low-paying jobs. One factor holding back automation of low-wage jobs is precisely the fact that because they pay so little, companies have little incentive to replace cheap labor with capital. That's one reason why indexing the minimum wage to inflation makes sense, not only to raise workers' incomes but also to boost productivity. When workers make more, companies are more likely to install technology and take other steps to automate work. In addition, government R&D funds and e-commerce policy should be used to spur the development and adoption of technologies that could automate low-wage work. For example, automating toll collection and parking lot payments could reduce these low-paying, low-skill jobs. Likewise, widespread development of radio frequency identification devices on products could make it much easier for consumers to self-checkout at retail stores.

Government also needs to use tax policies to offset growing marketplace inequality, as Clinton-era policies like the Earned Income Tax Credit did. The Bush administration tax cuts did exactly the opposite (see chart).

This means ensuring that unearned income is taxed fairly, by repealing the Bush dividends and capital gains tax cuts and adopting the Democratic proposal to reform the estate tax. It also means restoring marginal income tax rates on the wealthiest Americans to their 2000 levels.

We are a critical juncture in our history. As the economic structure evolves in ways that increase labor market bifurcation and inequality, we can either continue on the plutocratic, laissez-faire path that the Bush administration is taking, or we can choose a path that leans into the wind of growing income inequality to bring all Americans together. The choice we make now will be felt by Americans for generations. ◆

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been to say "no" to those calling for an end to special tax-deferral benefits for companies outsourcing jobs abroad.

The pressure to outsource manufacturing and service jobs to low-wage countries is powerful, but sound economic policies and leadership can help turn back those pressures. In the last three years of the last Democratic administration—and its first three years, for that matter—strong, broad income gains helped the United States add more than 400,000 manufacturing jobs. By contrast, the Bush administration has managed to run up $500 billion in budget deficits that have failed to stimulate job creation, because it focused help on wealthy people, especially investors, instead of boosting demand by middle-class families whose wages were stalled.

Young, new businesses are our economy's primary source of new jobs, yet George W. Bush has done nothing as business formation has slumped. We can't stop firms from cutting their labor costs, but an administration with a clear economic understanding and strategy could ease the squeeze by helping them contain other costs. The administration could do at least three things right away: end the tax on original investments in new small businesses; fashion a new tax credit for job creation; and relieve the payroll tax burden on new small businesses.

In addition, any small business with workers called to Iraq should get a tax credit to offset the costs of replacing them while they serve their country.

The Bush administration also has been unwilling to help businesses cope with their two fastest-rising costs—health care and energy. American business struggles with the world's fastest-rising health care bills, yet the Bush administration has done nothing to restrain this rapid growth. Nor has it even attempted to pass legislation to contain rising energy costs by promoting energy efficiency and production.

The Bush administration's unwillingness to face up to the changes in global competition and the world economy, combined with policies that don't raise middle-class incomes or stimulate jobs, has produced the worst record on jobs of any administration in more than 50 years. We will not revive strong job creation without a new economic strategy that can relieve cost pressures, jumpstart business formation, and actively encourage business to create new jobs. Give Bush an F on job creation. ◆

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Mortgaging the future

The economy is showing the effects of stimulus—but it's a short-term jolt we'll have to pay for later.

| *by* **Jeff Lemieux**

Three years after the recession started, a recovery is finally underway. But the economy still has a lot of catching up to do. Moreover, some of this year's growth has been borrowed from the future. Large budget deficits and ultra-low interest rates provided an enormous economic stimulus over the last three years. We will eventually have to pay for that stimulus, either with higher taxes, lower government spending, or higher interest rates.

Job growth averaged 170,000 per month in the first quarter of 2004. That is not robust, but it is much better than the slight loss of jobs in 2003. First-time unemployment claims have dropped to less than 350,000 in recent weeks, which portends moderate job growth.

The total number of jobs, however, is still down by almost 2 million from its peak in March 2001. The number of manufacturing jobs was unchanged in March, which was a backhanded

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Figure 1.
S&P 500 Stock Index

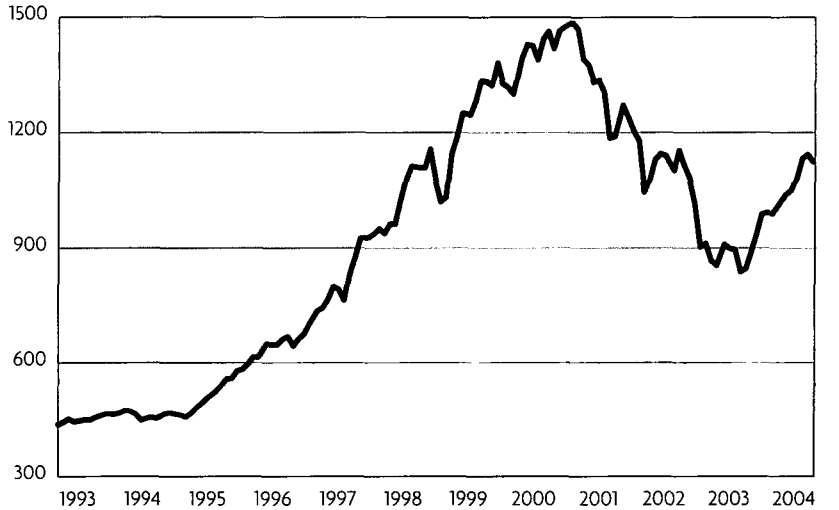
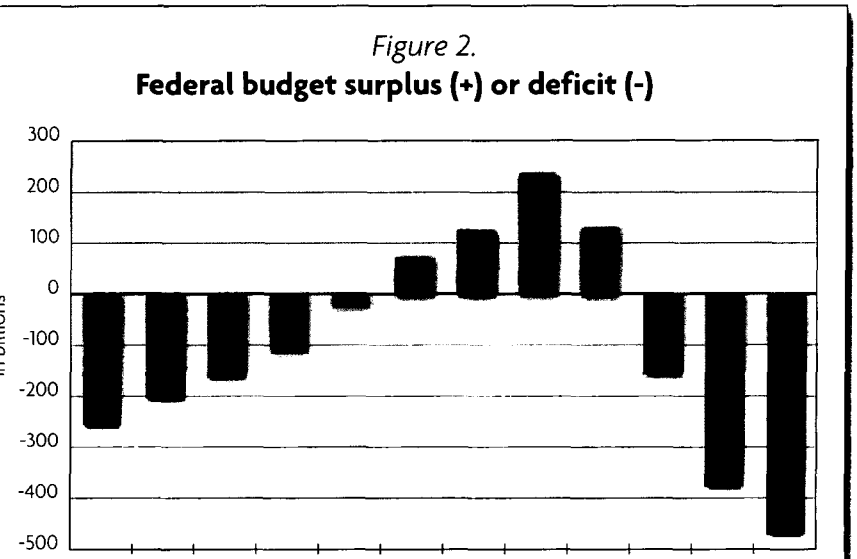


Figure 2.
Federal budget surplus (+) or deficit (-)



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improvement—jobs were lost in each of the previous 43 months.

Likewise, corporate profits rose by 30 percent in the fourth quarter of 2003, compared with the prior year, and the stock market is up by about 30 percent in the last 12 months. But the market remains well below its previous highs (see Figure 1).

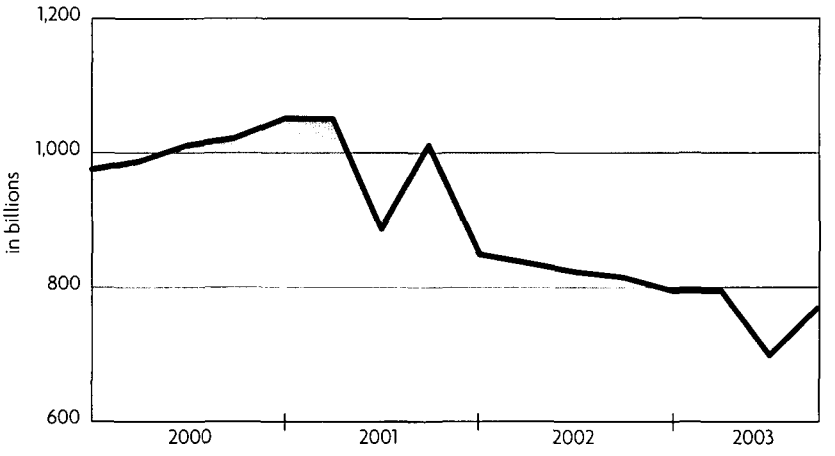
Budget deficits. So far, we've been lucky. In spite of frightening budget deficits (see Figure 2), short-term interest rates are below 1 percent, a rate not seen consistently since the 1940s. Mortgage rates remain below 6 percent. Capital is abundant for businesses wishing to invest or consumers wishing to finance homes or cars.

Cutting taxes was the easy part (see Figure 3). But now, the federal budget keeps getting worse even as the economy expands. The deficit is forecast to be about $470 billion in 2004, up from $375 billion in 2003. Congress has three choices: cut spending, let tax cuts expire, or allow deficits to persist in the $400-$500 billion range for at least the next four or five years. After 2010, when the baby boom generation retires, the budget will face extreme pressure.

Unlike the federal government, states can't run deficits, and state and local tax revenues are on the rise (see Figure 4). Likewise, cuts in state budgets will reduce construction activity, and residents will face higher fees and tuition costs. Federal budget cuts make the state situation worse.

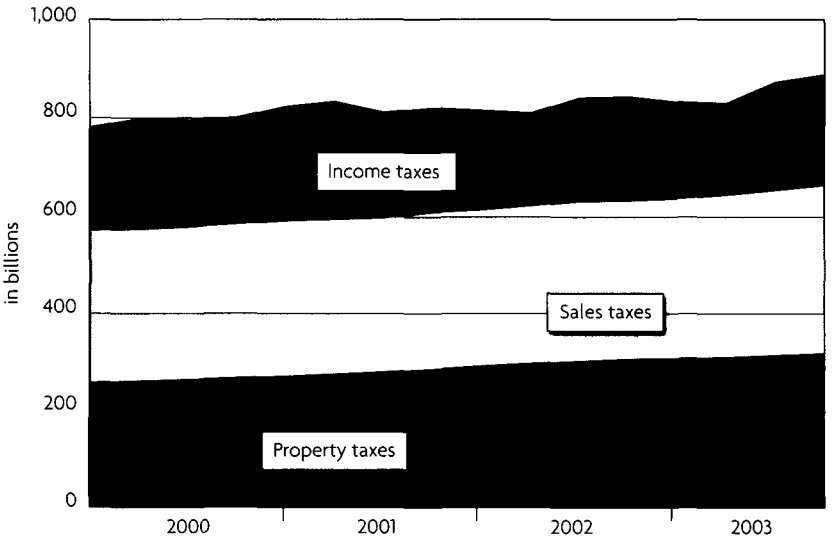
Dependence on foreign investors. With the U.S. personal savings rate stuck at 2 percent and the government in deep deficit, a large share of U.S. investment is effectively being funded by foreign citizens and governments. For example, U.S. households saved about $170 billion in 2003. But during the same period, foreign holdings of U.S. Treasury securities increased by $290 billion. (Japan alone added $160 billion in U.S. Treasuries in 2003.) This has helped keep interest rates low, but there's no guarantee it will continue.

Figure 3.
Federal income taxes are down....



SOURCE: Bureau of Economic Analysis

Figure 4.
... but, state and local taxes are up.



SOURCE: Bureau of Economic Analysis

By running deep deficits, the Bush administration has pumped an extraordinary amount of fiscal stimulus into the economy since 2001. Luckily, interest rates have remained low, as foreign investors and governments ramped up their purchases of U.S. securities. But something has to give. We can't count on a permanent inflow of funds from abroad. Either Congress will cut spending and raise taxes—which would reduce the short-term economic stimulus—or interest rates will drift higher and choke off new investment. The next president will inherit a growing economy, and some serious economic problems. ◆

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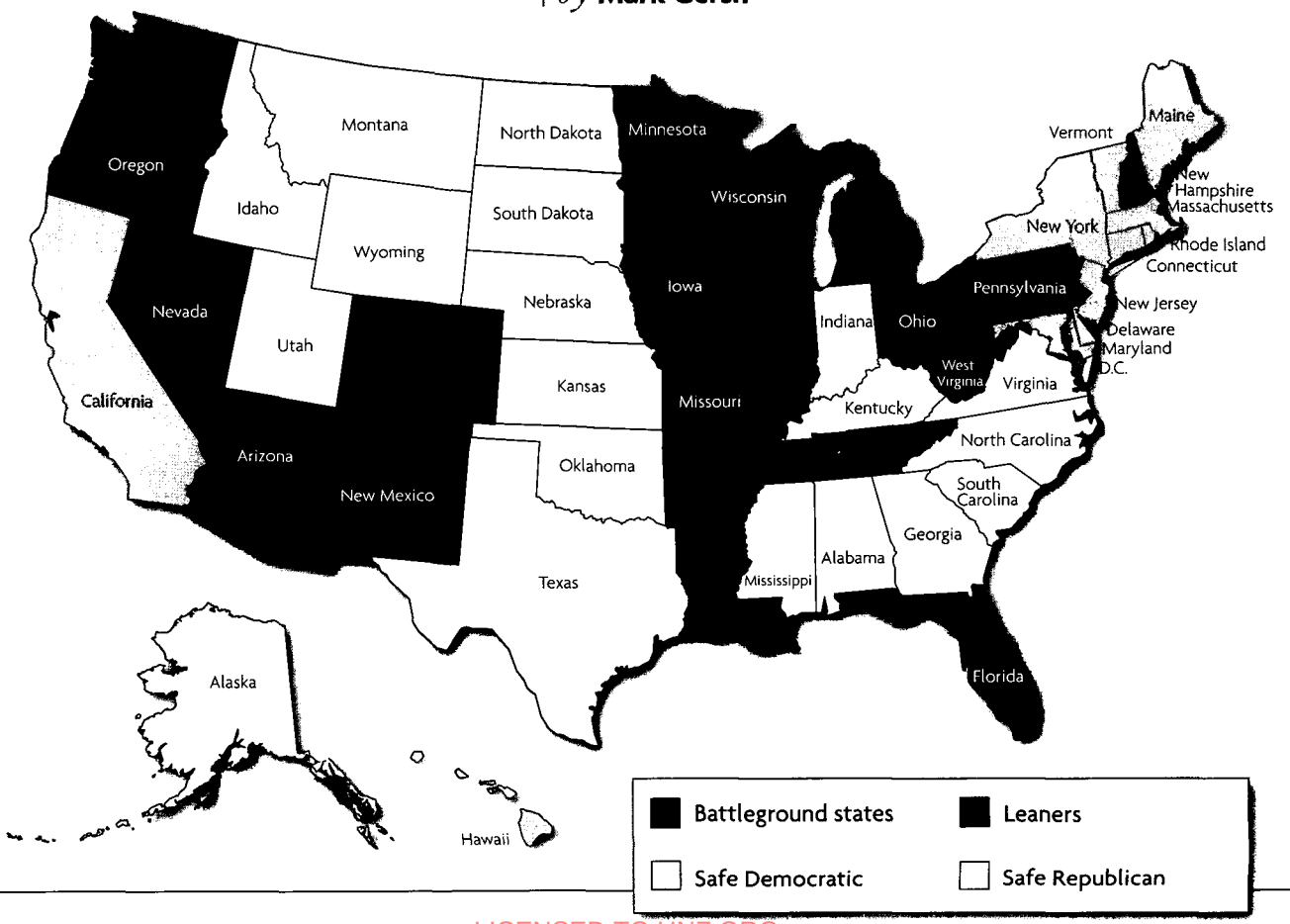
The New Battleground

This year's presidential election will be another close one. But that may be where the similarities between 2000 and 2004 end, because demographic changes have reshaped the playing field.

by **Mark Gersh**



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Electoral Math

	Electoral votes	Safe Republican	Safe Democratic	BATTLEGROUNDS	Leaners
Alabama	9	9			
Alaska	3	3			
Arizona	10			10	
Arkansas	6				6 (R)
California	55		55		
Colorado	9				9 (R)
Connecticut	7		7		
Delaware	3		3		
D.C.	3		3		
Florida	27			27	
Georgia	15	15			
Hawaii	4		4		
Idaho	4	4			
Illinois	21				21 (D)
Indiana	11	11			
Iowa	7			7	
Kansas	6	6			
Kentucky	8	8			
Louisiana	9				9 (R)
Maine	4		4		
Maryland	10		10		
Massachusetts	12		12		
Michigan	17				17 (D)
Minnesota	10			10	
Mississippi	6	6			
Missouri	11			11	
Montana	3	3			
Nebraska	5	5			
Nevada	5			5	
New Hampshire	4			4	
New Jersey	15		15		
New Mexico	5			5	
New York	31		31		
North Carolina	15	15			
North Dakota	3	3			
Ohio	20			20	
Oklahoma	7	7			
Oregon	7			7	
Pennsylvania	21			21	
Rhode Island	4		4		
South Carolina	8	8			
South Dakota	3	3			
Tennessee	11				11 (R)
Texas	34	34			
Utah	5	5			
Vermont	3		3		
Virginia	13	13			
Washington	11				11 (D)
West Virginia	5			5	
Wisconsin	10			10	
Wyoming	3	3			
Totals	**538**	**161**	**151**	**142**	**84**

The 2000 presidential election produced two enduring stereotypes, one accurate, one misleading. The first is that the two major political parties are at absolute parity in the electorate as a whole. That remains accurate today. The second is that America can be neatly divided into "red states" (Republican) and "blue states" (Democratic), with few opportunities for change. That's very misleading. In fact, between 13 and 20 states are likely to be in play in 2004, with a significant majority of those states being genuine toss-ups.

Many analysts read early polls and discuss campaign strategies. But it's equally important to understand the evidence from recent elections and from post-election demographic changes that determine the landscape on which candidates will compete.

Every objective sign at this point indicates another very close presidential election. Party identification numbers are dead even. The president's job approval rating continues to hover around 50 percent, which tends to be a pretty good measure of how the vote will go for an incumbent, especially as we get closer to November. And there's been a long-term decline in the percentage of the electorate that's truly up for grabs—largely, I think, the result of the slow transformation of the two major parties from nonideological coalitions of regional parties whose voters often split tickets, to real national parties. That means swing voters, while likely to be decisive in the end, aren't numerous enough to give either candidate a big lead—unless they go one way overwhelmingly.

Republicans are likely to benefit marginally from the decennial reapportionment of congressional seats after the 2000 elections, which gave red states a net gain of seven electoral votes over blue states.

Many factors will ultimately determine the "battleground" landscape, including candidates' strategies, the resources they and the parties devote to particular places, and how certain issues in the campaign "cut" in particular states. If one candidate or another obtains a big national majority, it will obviously take some current battleground states off the table while putting others into play. Geographical targeting is also a big factor: Al Gore's campaign largely gave up on Ohio, Arkansas, and Tennessee down the stretch in 2000; the Bush campaign, after a large feint, gave up on California and Illinois.

But demographic change is probably the least-noticed factor in shaping the battleground. Four years may not seem like a long time, but a lot has happened in a number of the 2000 battleground states that will help one party or the other. In some cases, demographics are driving the political balance of close states in opposite directions. And demographics probably matter more than ever, because small numbers of votes changing could "flip" so many states.

Taking all these factors into account, my guess is that there are 13 battleground states where neither presidential candidate has much of an advantage. They are Pennsylvania, West Virginia, Ohio, New Hampshire, Wisconsin, Minnesota, Iowa, Missouri, New Mexico, Arizona, Nevada, Oregon, and the ultimate 2000 battleground, Florida. Seven other states lean in one direction or the other, but they could

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become battleground states under the right circumstances. Illinois, Washington, and Michigan lean to John Kerry, while Colorado, Tennessee, Louisiana, and Arkansas lean to George W. Bush.

If you assign the "leaners" to the candidate they favor now, the battleground becomes clearer: Kerry has an electoral vote base of 200, while Bush has an electoral vote base of 196, with 142 electoral votes undecided, and 270 needed for victory. That means Kerry needs to get 70 of those 142 battleground votes, while Bush needs to get 74.

To get a sense of the dynamics at work in the battleground states, it's useful to take a closer look at three of them: Florida, which many Republicans think is leaning their way; Pennsylvania, which many Democrats think has shifted in their direction; and Ohio, which virtually everyone believes—I am among them—is the big prize among toss-up states.

In all three states, two particular demographic factors require some explanation. The first is the growth in minority voting age population (VAP) since 2000. With some exceptions, the size of this statistic helps Democrats, because roughly 90 percent of African-Americans and two-thirds of Hispanic voters tend to vote Democratic, and there's nothing about the dynamics of the presidential race so far that is likely to change those proportions. The second factor is the relative voting strength of fast-growing "exurban" or fringe city communities like Mesa, Ariz., or the outer suburbs of Atlanta, where, on average, Republicans enjoy about a 2-to-1 majority.

Everybody in politics understands the importance of minority voting patterns for Democrats. The importance of exurbs to Republicans is less well known, but equally striking. When people move to these areas, they tend to start voting Republican by significant margins. Their rapid growth throughout the 1990s and into the current decade has given the GOP the kind of concentrated geographical support areas that are highly susceptible to intensive get-out-the-vote efforts. An analysis of the big Republican sweep in Georgia in 2002 showed that exurban growth since the previous midterm election of 1998 was the single biggest factor in the outcome. It's no accident that Georgia was also the national pilot for the Republican Party's new "72 Hours" get-out-the-vote initiative, which will be very visible on Election Day 2004 in the evangelical churches and mega-malls of exurban areas all over the country.

In looking at Florida, Pennsylvania, and Ohio, I'll discuss underperformance and overperformance by the two 2000 candidates in key voter segments, and what that might mean for 2004, as well as how the issue landscape for this year might affect the electoral landscape.

The Starting Gate

Total Electoral Votes: **538**
Need to Win: **270**

	Bush	Kerry
Safe states	161	151
Leaners	35	49
Starting totals	196	200
Still needs	**74**	**70**

(Battleground state votes: 142)

Up for Grabs

Battleground states	Electoral votes
Arizona	10
Florida	27
Iowa	7
Minnesota	10
Missouri	11
Nevada	5
New Hampshire	4
New Mexico	5
Ohio	20
Oregon	7
Pennsylvania	21
West Virginia	5
Wisconsin	10
Total	**142**

The scorched earth of Florida. Though it was the ultimate battleground state in 2000, Florida's 2002 elections, featuring a landslide win by Gov. Jeb Bush and a solid performance by the GOP up and down the ballot, convinced many Republicans to firmly move the state into their column for 2004. But demographic trends in Florida since 2000 are not necessarily friendly for the governor's brother.

According to my estimates, the Hispanic voting-age population in Florida has increased by an astounding 31 percent since 2000. Moreover, it appears that most of that growth has been among groups that tend to vote strongly Democratic, especially Dominicans in southern Florida and Puerto Ricans and Mexicans in the Orlando area. Cuban-Americans gave

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Kerry's States

SAFE STATES	Electoral votes
California	55
Connecticut	7
Delaware	3
D.C.	3
Hawaii	4
Maine	4
Maryland	10
Massachusetts	12
New Jersey	15
New York	31
Rhode Island	4
Vermont	3
Safe subtotal	**151**

LEANING TO KERRY	Electoral votes
Illinois	21
Michigan	17
Washington	11
Leaner subtotal	**49**
Kerry's starting total	**200**

Bush an estimated 81 percent of their votes in 2000. But the lack of an issue like the Elian Gonzalez flap, coupled with some disenchantment with the administration's policy toward Castro's Cuba, makes it an uphill battle for Bush to match his 2000 performance. Moreover, the turnout in the Cuban-American community may decline, based on 2004 demographic realities.

Meanwhile, the African-American VAP in Florida has risen an even more surprising 13 percent since 2000 (non-Hispanic white VAP has gone up less than 2 percent). I think the 2000 exit poll numbers on African-American turnout in Florida were significantly inflated, so there's some room for growth that Democrats can try to exploit.

On the other side of the ledger, the rural vote in northern Florida is growing more conservative and Republican by the minute, and the exurban vote in Florida has grown by an estimated 10 percent since 2000. The fast-growing exurbs that tend to break 2-to-1 Republican are especially concentrated in the Orlando and Tampa metro areas, making the Interstate 4 corridor between the two—also the home of a big chunk of the non-Cuban Hispanic population—the obvious cockpit of the 2004 election.

It's worth noting that Gore did somewhat worse in Florida in 2000 than his national average among several key voter categories, according to exit polls and census data. He did 10 percent worse (33-66) among households with incomes over $100,000, and 7 percent worse (45-52) among voters with post-graduate educations. This may reflect the cultural conservatism of Sun Belt elites, but if Kerry can do better among these groups, he will do better statewide.

As for the issues landscape of 2004, Florida is a state with below-average unemployment and above-average growth, where the "job loss" issue may not cut very sharply. Kerry's ability to make income stagnation, high public debt, consumer debt, and the rising cost of college tuition, issues in the presidential race which may help him in states like Florida.

The Keystone State. If many Republicans assume the 2002 election results have made Florida a genuine red state, many Democrats are assuming that Pennsylvania will be a relatively easy target for 2004. Gore, after all, won the state by 5 percentage points in 2000, despite a poor performance among the culturally conservative non-college-educated white men who were supposedly the big target of his "people versus the powerful" convention message. Gore's strong performance in the Philadelphia suburbs was strengthened by Democrat Ed Rendell's comfortable win in the 2002 gubernatorial race.

But Pennsylvania's demographics are not necessarily cutting in favor of the Democratic Party. Minority population is relatively stagnant. Philadelphia (the powerhouse of both Gore's and Rendell's electoral base) and Pittsburgh are losing population steadily. And there's plenty of evidence that it will be hard for Democrats to improve on the massive minority and labor turnout effort of 2000, in which African-American turnout actually exceeded white turnout. Base turnout

Bush's States

SAFE STATES	Electoral votes
Alabama	9
Alaska	3
Georgia	15
Idaho	4
Indiana	11
Kansas	6
Kentucky	8
Mississippi	6
Montana	3
Nebraska	5
North Carolina	15
North Dakota	3
Oklahoma	7
South Carolina	8
South Dakota	3
Texas	34
Utah	5
Virginia	13
Wyoming	3
Safe subtotal	**161**

LEANING TO BUSH	Electoral votes
Arkansas	6
Colorado	9
Louisiana	9
Tennessee	11
Leaner subtotal	**35**
Bush's starting total	**196**

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may have maxed out in Pennsylvania in 2000.

Pennsylvania's exurbs (which represent only 7 percent of the electorate) have grown since 2000, but not as rapidly as in the Sun Belt. Moreover, Republicans enjoy a significantly smaller electoral margin—more like 10 percentage points than the 30 points or more common elsewhere—in these areas.

The place to watch here is not southeast Pennsylvania—dominated by Democratic Philadelphia and its Democratic-leaning suburbs—but northeast Pennsylvania: Wilkes-Barre, Scranton, Allentown, and Bethlehem. That's where the state's swing voters are heavily concentrated, and where Kerry's ability to improve on Gore's performance among culturally conservative Catholic voters may be crucial.

The economy in these areas is changing. As technology and white-collar employment replaces the older, smokestack employment pattern, new jobs are being created while others are lost. Consequently, middle-class voters are uncertain who is at fault for their economic angst. In Wilkes Barre, the economy is stagnating, while small business has promoted an economic revival in the Lehigh Valley. The result is a concentration of middle-class centrist voters without a strong allegiance to either party.

Both there and in southwest Pennsylvania (where Democrats have done poorly in recent elections), many voters will have to decide between Bush's appeal on cultural issues and Kerry's appeal on the job loss issue—and each candidate's ability to address the other's core issues, as well.

Buckeye bonanza. The conventional wisdom going into this election is that Ohio may prove decisive. My own analysis definitely suggests this is a state offering rich opportunities for John Kerry.

Yes, Ohio has been dominated by Republicans in recent statewide elections, but Clinton carried it twice, and Gore lost it by only 4 points after basically conceding it to Bush.

The narrowness of Gore's loss in Ohio in 2000 is made more striking by the numbers indicating a classic underperformance by the Democratic candidate.

Nationally, Gore won voters with a post-graduate education by 8 percentage points. In Ohio, he lost that same group—which represented 15 percent of the state's electorate—by 6 points. Nationally, Gore ran even with Bush among independent voters. But Bush ran 16 points ahead of Gore among Ohio independents, who represented one-quarter of the state's electorate. Nationally, Ralph Nader took 2.6 percent of the vote, and he won no more than 2 percent in Michigan and Pennsylvania. He got almost 3 percent in Ohio—114,000 votes, or about two-thirds of Bush's margin of victory. The don't-waste-your-vote message of the Gore campaign probably never got through in Ohio, and it was undermined by the concession of the state to Bush.

While labor turnout in Ohio was excellent, African-American turnout was not impressive, especially as compared to Michigan and Pennsylvania.

If Kerry targets Ohio, as he almost certainly will, then he should be able to eliminate all those discrepancies between Gore's national performance and his underwhelming numbers in Ohio.

On the Republican side, there has been significant exurban growth around Cincinnati, but dwarfing it in significance is the potential Democratic gain among voters statewide who earn between $30,000 and $50,000 per year, a demographic that Bush won by 5 points in Ohio in 2000. Nationally, Gore and Bush evenly divided voters in the $30,000 to $50,000 income range.

Ohio, with an above-average unemployment rate and an above-average dependence on embattled manufacturing sectors, is probably "ground zero" for the job loss issue in 2004. If Kerry manages to address it in a way that doesn't offer economically insecure voters a cultural reason to vote for Bush and that doesn't compromise him in high-growth battleground states in the Sun Belt, he is very well positioned to win Ohio, and the presidency.

A lot has changed. I could go on and on to look at other battleground states and their dynamics, but the three states we've analyzed provide several general lessons for the Democratic campaign of 2004:

Pay attention to how states look now, not just how they looked in 2000, much less how they look through the lens of old stereotypes.

Pay especial attention to the growth of Democratic-leaning Hispanic voting populations, and to Republican-leaning exurbs. These dynamics could be crucial in states like Arizona, New Mexico, and Nevada that—like Florida—have both kinds of growth.

Focus on addressing specific failures of the Gore campaign in 2000, and don't take its specific successes for granted.

Think strategically about targeting states: A message aimed at truly competing in the South, for example, could not only make Arkansas, Louisiana, and Tennessee true battleground states, but could also help appeal to voters in northern Florida, and in culturally conservative pockets of voters in Pennsylvania, Ohio, and West Virginia. Conceding the entire South to Bush would, most likely, leave the Kerry campaign without a cushion, if one of the closely fought industrial states is lost. Moreover, if the South is uncontested, the Bush campaign will be able to redeploy media money and other resources elsewhere.

Above all, remember: The candidate with a message that can both energize the party base and appeal to a majority of swing voters will almost always win, on any battleground, in any year. ◆

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▶ BRUCE REED

Learn not

"I'm sure something will pop into my head here in the midst of this press conference, with all the pressure of trying to come up with answer, but it hadn't yet."

—President Bush, unable to think of a mistake, April 13

Since Watergate, the phrase "Mistakes were made" has stood as one of history's most infamous examples of presidential buck-passing in the passive voice. Now George W. Bush has done the Nixon White House one better. Bush's new mantra—"Mistakes weren't made"—may not be a great campaign slogan. But it does confirm that the "responsibility era" Bush promised won't start until he leaves office.

Democrats will spend the next six months calling attention to Bush's mistakes. But ordinary Americans should be even more troubled that 1,200 days into his presidency, Bush is either unable or unwilling to admit one. The greatest advantage an incumbent has is what he has learned from experience. If Bush isn't going to learn from his mistakes, why are we paying so much for them?

Consider, for example, Bush's steadfast refusal to reflect on the lessons of Sept. 11. The 9/11 commission is right to ask: What did the president know, and when did he know it? But the more damning question may be: What will the president learn, and when will he learn it?

Partisan politics is the one casualty America would not have mourned in the wake of Sept. 11. Sens. John McCain and Joe Lieberman, two of the least partisan men in Washington, proposed forming the commission to find out what went wrong and how to prevent it from happening again.

Yet the Bush White House has fought the 9/11 commission from the outset: opposing its creation, refusing access to crucial information, and slow-walking every request. The commission set out to do what Bush has not: change the tone in Washington. The White House responded by savaging Richard Clarke, a career public servant, with the most partisan Washington attack since the 1998 impeachment battle.

Ironically, Clarke's revelations would have done a lot less damage if the Bush White House had put politics aside and welcomed the chance to learn from the inquiry. But that's the whole problem: The last thing this administration wants is a learning experience.

The best evidence of the White House's slow learning curve is that almost three years after 9/11, responsibility for stopping the next plot on American soil is still firmly in the hands of the same crowd that missed the last one: the FBI. If there's one thing worse than seeing Washington politicians play the blame game, it's watching Washington bureaucracies play the escape-blame game. And no agency plays it better than the FBI.

Well before the commission's hearings, the FBI's systemic failure to see 9/11 coming was painfully apparent. In Washington, bureaucracy is destiny. The FBI is a law enforcement agency, good at building criminal cases and making arrests, but not at collecting and sharing information, which is at the root of disrupting domestic terrorism.

That is why in the July 2002 edition of BLUEPRINT, José Cerda III and I proposed a new domestic intelligence agency, like Britain's MI5, to do the job the FBI can't. Given the magnitude of the FBI's failures, we thought the rest of the political world would not be far behind. Instead, the White House has deferred to the attorney general and the FBI director, whose first goal is to protect their turf.

Under pressure from the hearings, the president has begun promising intelligence reforms down the road. But it's hard to expect much from Bush when the very day he pledged changes, he was still vigorously defending the FBI's performance before Sept. 11. "The FBI was running down any lead," he said, adding that he was "comforted" by the Bureau's investigations. "I'm confident that had they found something that was a direct threat to America, they would have brought it to my attention."

In his recent biography of Benjamin Franklin, author Walter Isaacson tells how Franklin, who had a high opinion of his own virtues, came to terms with the one he lacked: humility. Franklin discovered that while he could never quite bring himself to be humble, the appearance of humility had nearly the same effect, by forcing him to listen to other people's views and take a second look at his own.

Franklin was right: Even presidents—especially presidents—still have something to learn. If it's too much to ask that Bush ever admit a mistake, the least he could do is correct one now and then.◆

> **Bruce Reed** is president of the DLC and was President Clinton's domestic policy adviser.

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Getting religion

Democrats shouldn't be scared of religion. One-half of Democratic voters attend church regularly. And their platform is a good reflection of mainstream religious values. They just need to learn better ways to talk about it.

| *by* **Amy Sullivan**

Religion is the third rail of Democratic Party politics. Seasoned political operatives who can soberly discuss the details of human rights atrocities or abortion procedures start twitching when the issue of religion enters the conversation. Congressional aides who maneuver through the world of Medicare regulations or appropriations with ease become stymied by references to faith. And hustings veterans who would never dream of running a campaign without targeting racial minorities and union members look askance when asked about outreach to religious communities.

This discomfort is understandable. What makes these Democrats most ill at ease is the perception that religion is synonymous with Republican or conservative, and the assumption that religious people—particularly those who are involved in politics—are all members of the Christian Coalition, that they are all intolerant, and most of all, that they are not us. They are not Democratic voters. Democrats therefore can and should, so the thinking goes, stay away from the subject of religion.

The problem with this calculation is that it is entirely wrong. Many Democrats are religious. More than one-half of Democratic voters attend church more than once a month. But until professional Democrats get over their aversion to all things religious, they will continue to suffer the political consequences.

Why is religion so strongly associated with the Republican Party in the public mind? After all, prior to the late 1960s and early 1970s, neither political party was perceived as having a particularly strong connection to religion. In addition, many conservative Christians, focused primarily on the effort of saving souls, stayed out of the realm of politics. "Preachers are not called upon to be politicians," the Rev. Jerry Falwell explained in 1965, "but soul winners. Nowhere are we commissioned to reform the externals."

> "By **not talking** about what they stand for, Democrats have **left themselves open** to the charge that they are **anti-religion**."

When this changed—after a series of Supreme Court cases that limited the role of religion in the public sphere—the impact on the political world was intense. The Christian Right became a highly visible and powerful force starting with the election of Ronald Reagan. And in response, progressives backed away from religion, wary of the consequences both of commingling religion and politics and of being confused with the conservative Christian movement.

So for the past few decades, conservatives have redefined what it means to be religious, what the right values are, and what morality means. And Democrats have let them.

This is, we have learned, a critical error. Staying silent has not meant that religion stays off the agenda. It has meant that conservatives have the opportunity to determine how it will become part of the agenda. That, in turn, has meant arguments over displaying the Ten Commandments, keeping the phrase "Under God" in the Pledge of Allegiance and allowing school prayer, instead of debates over how to care for the poor, protect God's creation, or other more substantive issues.

Most damaging of all, it has given conservatives the chance to define progressives and Democrats. By not talking about what they stand for, Democrats have left themselves open to the charge that they are anti-religion—not just skeptical, but openly hostile to people of faith.

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POLITICS AND VALUES: Because they've shied away from talking about religion, Democrats give the impresion that they're hostile to it, and have let conservatives define what values and morality are.

Staying silent and hoping that religion doesn't come up is not an option. Fortunately, figuring out how to talk about the topic when it does arise and how to bring it up in a way that fits Democratic values and priorities is. This process, however, is going to require a partywide conversion—not of Democrats' core values or priorities, but of their attitudes. The "big tent" of the Democratic Party is going to need to become a little bit bigger to welcome people of faith.

Because Democrats come in all shapes and sizes of religious—and non-religious—beliefs and backgrounds, a division of labor will be essential to this task. Let's look at three kinds of Democrats: those who consider themselves non-religious; those with a distinct religious commitment; and coming from a religious background with some familiarity with the language of faith, and those who fall in between.

The first group—those who aren't personally religious—don't need to suddenly "get religion." They don't need to study up on the Bible and start dropping hymn lyrics into their speeches. Howard Dean's attempt to turn on a dime and suddenly profess a sense of religious commitment and devotion only served to show that voters can smell insincerity a mile away.

Instead, less- or non-religious Democrats have two tasks. The first is to simply stop saying things that alienate or offend people of faith. Again, Dean provides a cautionary tale on this point. One of the key parts of his stump speech earlier in the campaign was a lament that Southerners have for too long cast votes based on "God, guns, and gays." The phrase was catchy, the basic sentiment on-target, but the message flawed. It's hard to imagine that too many voters would support Dean on the basis of that statement, but it was easy to identify the voters he had unnecessarily alienated.

The second job for non-religious Democrats is to stop taking the bait

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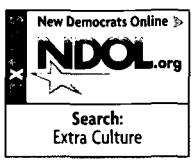
when conservatives try to distract them with fake issues like fights over the public display of the Ten Commandments or school prayer. This is not to say that Democrats should roll over on these issues—it's important to hold the line. But that can be done by a select group of advocates without drawing the entire party into full-fledged debates and political wars. Remember: These issues energize a small piece of the conservative electorate and make it feel like a persecuted minority while also baiting progressives into framing their opposition in terms that sound hostile to religion in general. Democrats can't afford that kind of distraction.

For the second group of Democrats—those who come from religious backgrounds and are comfortable with the language of faith—there is one simple duty: Unmuzzle themselves. For decades, Democratic politicians have forgotten that, as Joseph Lieberman is fond of pointing out, "It is freedom of religion, not freedom from religion." Respecting the essential principle of separating church and state need not mean that we also maintain a bright line between the worlds of religion and politics. Yet, the phrase "separation of church and state" is spouted with almost Pavlovian regularity when Democratic politicians are asked about religion as an excuse for why they can't or won't talk about their personal faith.



The recent Democratic presidential primary campaign included some signs, however, that this may be changing. By December, Wesley Clark had worked a riff into his stump speech in which he reflected on his childhood as a Baptist in Arkansas. Clark talked about the revivals held every summer and noted that, "We always knew someone who could preach a revival but who didn't live it." And then he delivered his kicker: "We have one of those in the White House right now." Similarly, John Edwards—who was also raised in a Baptist church in the South—handled a somewhat ridiculous question in a televised debate ("Really quick: Is God on America's side?") deftly by citing an anecdote about Abraham Lincoln. During the Civil War, Edwards said, a group of ministers visited the White House and asked Lincoln to pray with them that God was on their side. Lincoln replied that he wouldn't do that, but that he would pray that they were on God's side.

The third group of Democrats are those who are very familiar with religion, but don't yet know how to talk about it in a political context or how to relate to communities of faith. And on these points, they can learn some lessons from the Republicans, who have carved out an advantage in terms of religion.

In 2000, the Bush-Cheney campaign pursued a brilliant under-the-radar communications strategy. They arranged one-on-one interviews for Bush with publications that are targeted to religious communities, that do not get noticed at all by the mainstream press, but that go directly into the living rooms of millions of Americans.

There's no reason that Democrats can't do the same thing. Publications such as *America, Sojourners, Commonweal, Christianity Today,* and *Christian Century* reach readers on the moderate to liberal spectrum who are serious about their faith, but are also serious about the political implications of their beliefs. A Democratic candidate who gave interviews to these publications would reach an audience of religious Americans on their own level, through their own media. As the popular online magazine *Beliefnet.com* found last summer, however, Democrats are still not willing to open up about religion. In a revealing incident, Bob Graham's campaign press secretary mistakenly sent *Beliefnet*'s editor-in-chief an internal campaign email, asking: "Geez not high priority … I mean is Graham prepared to talk about his spirituality/religion?" *Beliefnet*'s attempts to interview a Democratic presidential candidate were unsuccessful until Wesley Clark entered the race.

Republicans have also worked on developing close ties to religious leaders and communities. George W. Bush's portfolio during his father's 1988 presidential campaign was to act as the liaison to the conservative Christian movement, which gave him the opportunity to cultivate relationships and build credibility within the community. On the rare occasions that Democrats have assigned campaign staff to religious outreach, their mission has been to focus on black churches. Religion is viewed merely as a way of turning out an ethnic vote—not as an important influence in the lives of Americans of all colors. It's not only a condescending strategy, but a foolish one. Unfortunately, it reflects the mindset of Democratic campaign operatives like the national field coordinator for one of the Democratic primary candidates who told his colleagues that reaching out to religious communities was a waste of time because, "There will never be a 'welcome room' for religious people at the Democratic Convention."

Finally, Republicans know how to talk the talk. Bush's chief speechwriter, Michael Gerson, graduated from the evangelical school Wheaton College and is adept at working religious code

> "For the **second group** of Democrats—those who come from religious backgrounds and are **comfortable** with the **language of faith**—there is one simple duty: **Unmuzzle** themselves."

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TALKING THE TALK: Democrats need to understand the power of language in reaching out to religious voters. President Clinton was comfortable in church settings, and had a good feel for the cadences of religious speech.

words into speeches. These phrases go over the heads of many listeners and sound perfectly innocuous, while at the same time sending a signal to evangelical Christians that the president is one of them. In last year's State of the Union address, Bush spoke of the "wonder working power" of volunteers, which sounded simply like a nice turn of phrase. But listeners who grew up singing the hymn from which that phrase comes—"Pow'r in the Blood"—immediately heard the tune playing in their heads.

Democrats have not had enough speechwriters with the same kind of facility for this type of language. But they do have code words of their own. The phrase "social justice" resonates powerfully with many religious Americans without sounding explicitly Christian. In the same way, millions of evangelicals and other Christians think of their relationship to the environment as one of "stewardship," in which they are responsible for taking care of God's creation.

It's true: When it comes to religion, Republicans have a media strategy, outreach, and code words. But what they don't have is political substance that reflects their religious commitment. And that's where Democrats have an opportunity. The Democratic platform—issues Democrats already care about—reflects the values of many religious moderates and progressives; yet many of them have been voting with Republicans simply because they feel more welcome in that party. The dirty little Republican secret is that they rely on religious rhetoric and strategy because they have to. If they don't, Americans might notice that they're not walking the walk when it comes to policy. They're not caring for the sick, the poor, the widowed, the orphaned. They're not acting as stewards of God's green earth. They are suffering the little children, but not in the way that Jesus meant.

This is what John Kerry is referring to when he challenges listeners to remember the warning in the New Testament Book of James: "What good is it, my brothers, if a man claims to have faith but has no deeds?"

Religion, values, and morality are not copyrighted by the Republican Party. They belong to everyone. Democrats can and should take them back. ◆

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Campaigning dangerously

In the world of Internet politics, the medium is in danger of becoming the message.

| *by* **Randolph Court**

After years of puzzling over the Internet, the political world is finally wired. That has certainly been the prevailing view among those in the chattering classes intent on carving a place for Howard Dean in the great political pantheon. Many seem to have bought hook, line, and sinker the creation myth that former campaign manager Joe Trippi has spun about Dean's crusade. Trippi claims the *DeanforAmerica.com* start-up operation successfully "attacked" the established way of campaigning by doing away with command-and-control hierarchies and getting people involved in politics through online communities. That's what the Internet offers, according to Trippi: the potential to organize large-scale political groundswells that are not controlled by Washington insiders.

Maybe so, but we're in a dangerous stage of the revolution right now. The technical truth is that despite some big fund-raising numbers—and a good deal of high-minded talk about a small "d" democratic revival—the political world is still mostly winging it online. And the much more important political truth is that as Internet technologies are installed into the traditional stovepipes of the campaign business, they are at least temporarily magnifying a mechanical obsession with political tactics, sometimes at the expense of the big-picture strategy, policy agenda, and message. The medium is in danger of becoming the message. Haven't the political wise guys noticed that all those bloggers didn't add up to a winning coalition?

> "**Web technologies**, like television or direct mail, are just a **means** of communicating. They are **not a substitute** for starting out with a **broadly appealing** campaign **agenda**."

That is precisely the problem in today's almost evenly divided electorate. Republicans and Democrats are each desperately seeking a decisive edge, and there is a school of political thought that says the way to win in a 50-50 nation is through base mobilization—that is, by concentrating on grassroots political organizing and high-energy get-out-the-vote (GOTV) efforts. Some of the evangelists for that school saw evidence in Dean's mercurial, Internet-driven surge that a great new future has arrived.

In the broadcast era, the major communications technologies—television, in particular—tended to encourage campaigns to run on policy agendas and messages with broad appeal to swing voters, not just dedicated party members. Internet technologies now offer political strategists the enticing technological option of communicating more directly with certain political demographics, and even with individuals. Narrow-casting is their strength—but also their weakness.

That's why, as the political world feels its way through the early stages of Internet adoption, the next few elections could end up being remembered as the years of campaigning dangerously. Operatives will be tempted to use information technology to customize political messages for niche audiences to an even greater extent than had previously been possible with direct mail and cable television. The same way that *Amazon.com* greets you by name and automatically recommends history books or murder mysteries, depending on your established patterns of topical interest, political campaigns will probably set up their websites and email messages to emphasize environmental issues for environmentalists, and entitlement issues for retired people.

But what of swing voters who don't fit neatly into an issue-profile box? Will they understand how the various planks in a candidate's platform make sense together as a logical whole? Campaigns that lose sight of that big picture will go the way of Dean.

At the moment, the parties are treating the Internet as an arms race. Ken Mehlman, manager of the Bush-Cheney campaign, says, "Whichever party or whichever candidate masters the latest political communications technology has tended to be the party or

▷ **Randolph Court**, a senior editor of BLUEPRINT, is Internet operations manager of the Democratic Leadership Council.

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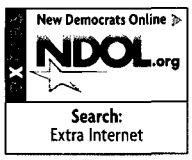
candidate that has been … dominant." He cites Franklin D. Roosevelt's canny use of radio in the 1930s and John F. Kennedy's aura on television in the 1960 campaign. And he notes, ominously, that while George McGovern pioneered the use of direct mail in the 1972 campaign—as Dean may have done with the Internet last year—Republican strategists like Richard Viguerie later muscled in on that turf and mastered it to the benefit of Ronald Reagan in the 1980s. Republicans clearly have every intention of repeating that trick with today's technology.



The list of Bush-Cheney Internet initiatives is impressive. It includes a Web-enabled version of the entire national voter file for GOTV efforts (data that used to be available only through precinct captains and county and state parties); an automated Bush-Cheney news feed that supporters can easily plug into their own websites and blogs to help spread the campaign message (more than 2,200 sites participate so far, according to Mehlman); and a database, searchable by ZIP code, of local talk radio program listings around the country, complete with air times, host names, and daily talking points for those inclined to call in.

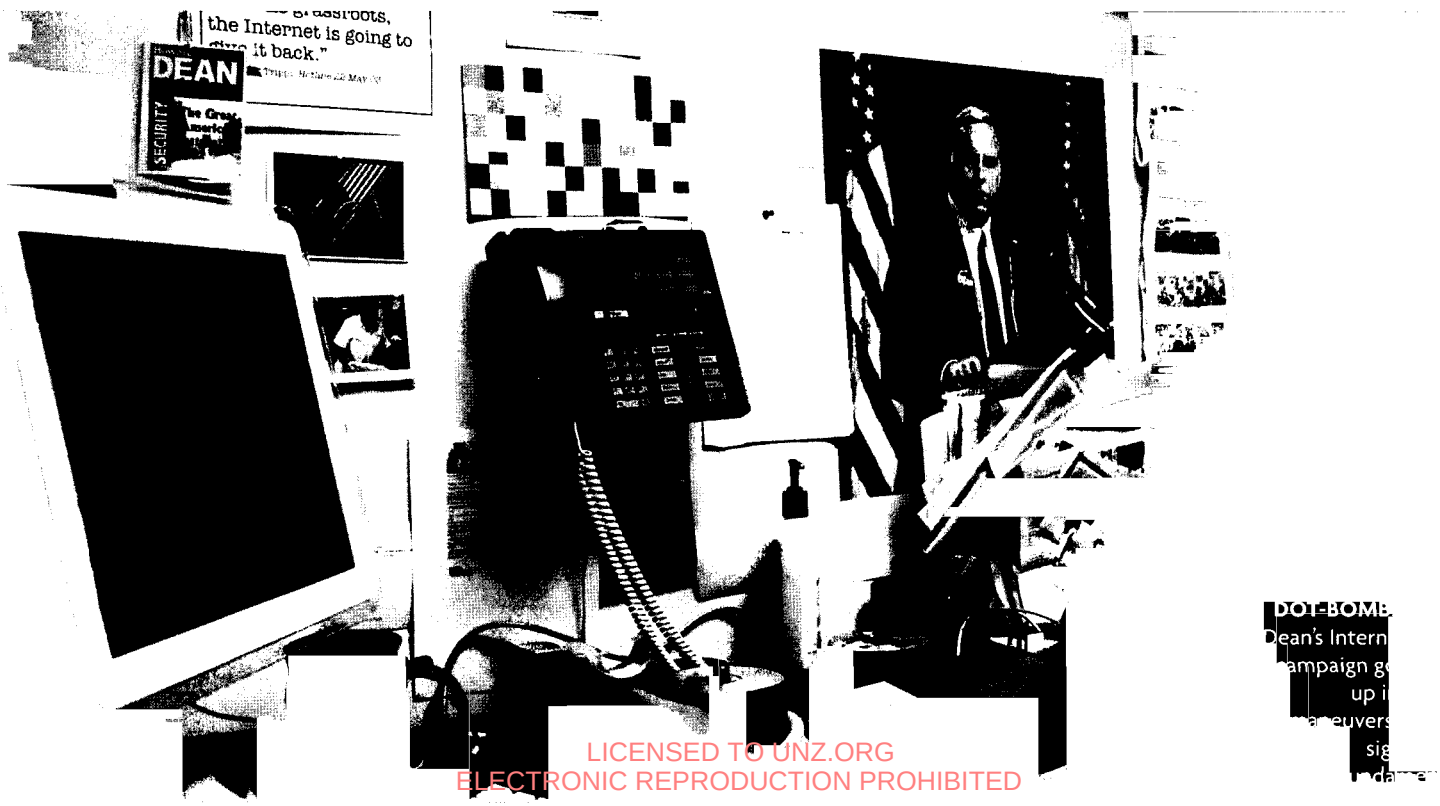
It adds up to an intense focus on base mobilization, which is bad news for Democrats inclined to concentrate solely on that strategy, because the Republican base is bigger. To win, Democrats need swing voters, too.

Mehlman boasted about the Bush-Cheney online operation at a conference in Washington this spring. Among those listening was Nathaniel Pearlman, president of NGP Software, which provides Democratic campaigns a system for cataloguing contributors and filing disclosure reports, among other things. Pearlman quipped, "The Empire strikes back?"

Also listening was Sanford Dickert, chief technology officer for Sen. John Kerry's campaign. Two weeks later, the Kerry campaign announced that in the first quarter of 2004 it raised over $50 million—including more than $26.7 million through the Internet. Clearly, Internet fund raising has come of age. With such support—and with the agenda that Kerry offers the country—the most worrisome thing for Democrats might not be the immediate prospect of having to compete against a finely tuned Bush-Cheney campaign machine in 2004. And it probably isn't the specter of long-term Republican dominance of the latest communications technology (an unlikely possibility in a medium where this year's hot site so frequently becomes next year's afterthought).

Instead, in the next few elections, as campaigns work their way through the experimental phase of Internet adoption, the most worrisome thing would be losing sight of the fact that Web technologies, like television or direct mail, are just a means of communicating. They are not a substitute for starting out with a broadly appealing campaign agenda. Segmented marketing techniques can certainly be used to communicate parts of an overall message, but they should not be used to design one.

With smart marketing, a good set of ideas can spread like a virus on the Internet. But agendas that are tactically cobbled together will usually add up to a mushy overall message that spreads nowhere fast—online, or anywhere else. ◆



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Budgeting for outcomes

How government can deliver more value for the tax dollars citizens spend.

by **David Osborne**
and **Peter Hutchinson**

American government is waist-deep in its worst fiscal crisis since World War II. But this crisis is different from those that have gone before, because it is becoming structurally permanent; many of the forces that created it are being hard-wired into our fiscal environment. Most prominent among these forces are a colossally irresponsible president and Congress that seem determined to add more than $4 trillion to the national debt in the next decade with ill-conceived tax cuts for the wealthy, and an inescapable demographic wave that is driving up the cost of entitlement programs.

Economic recovery will ease the pain, but it won't eliminate it. The only solution to what ails federal, state, and local governments today is to change they way they operate—especially when it comes to writing their budgets.

The conventional approach to budgeting is fundamentally flawed, because it focuses entirely on what we must cut, while ignoring what we keep. That approach does little to improve the effectiveness of the 85 percent or 90 percent of public dollars that continue to be spent. It also never broaches the question of how to maximize the value of the tax dollars we do collect, even in hard economic times.

Smarter government. Success in today's era of permanent fiscal crisis requires smarter ways of doing the public's business. Our new book, *The Price of Government*, describes a series of proven innovations that elected officials at every level of government can emulate. We show not only how vital services can survive the fiscal crisis, but how leaders can reinvent the way their bureaucracies work. We begin with smarter budgeting—what we call Budgeting for Outcomes. We pioneered this process with

THE PRICE of GOVERNMENT
GETTING THE RESULTS WE NEED IN AN AGE OF PERMANENT FISCAL CRISIS
DAVID OSBORNE
and PETER HUTCHINSON

Washington Gov. Gary Locke. It involves taking these key steps:

Getting a grip on the problem: How much of the fiscal crisis is short term, and how much is long term? Is it driven by revenue or expenses, or both?

Set the price of government: Establish up front how much citizens are willing to pay for government's services. Get agreement on a revenue forecast and any tax or fee changes. Recognize that citizens have figured out what price they are willing to pay, and that price has probably remained relatively steady for decades. You can calculate the price of government by determining the sum of all taxes, fees, and charges as a percentage of citizens' personal income.

Set the priorities of government: Define the five or 10 outcomes that matter most to citizens, along with indicators to measure progress.

Set the price of each priority: Divide the price or revenue among the priority outcomes on the basis of their relative value to citizens.

Develop a purchasing plan for each priority: Create "results teams" to act as purchasing agents for the citizens. Ask each one to decide which strategies have the most impact on its desired outcome. Ask the teams to start by developing a strategy map—using available evidence about what really matters to create an explicit cause-and-effect diagram, showing the best ways to achieve their desired outcome. With a cause-and-effect theory in hand, they can draw up a general purchasing plan, laying out the key strategies they would use to produce that outcome.

In contrast to traditional budget development, this process stimulates enormous creativity, because it requires those involved to be clear about how they think activities add up to results. Doing so subjects each theory of what matters most to a challenge from every competing theory—exactly the kind of debate the budgetary process should stimulate.

Solicit offers to deliver the desired

David Osborne is a senior partner at the Public Strategies Group, a consulting firm in St. Paul, Minn., and a senior fellow at the Progressive Policy Institute. **Peter Hutchinson** is a founder and president of the Public Strategies Group (*www.psg.us*). This article was adapted from their new book: "The Price of Government: Getting the Results We Need from an Age of Permanent Fiscal Crisis," published this month by Basic Books.

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results: Have the results teams issue "requests for results" to all comers, including their own government's agencies or departments, other governmental jurisdictions, unions, nonprofits, and businesses. Invite these "sellers" to propose how they would deliver the strategies and outcomes, and at what price. Then buy those proposals that experience suggests will provide the best results for the money.

Negotiate performance agreements with the chosen providers: These should spell out the expected outputs and outcomes, how they will be measured, the consequences for performance, and the flexibilities granted to help the provider maximize performance.

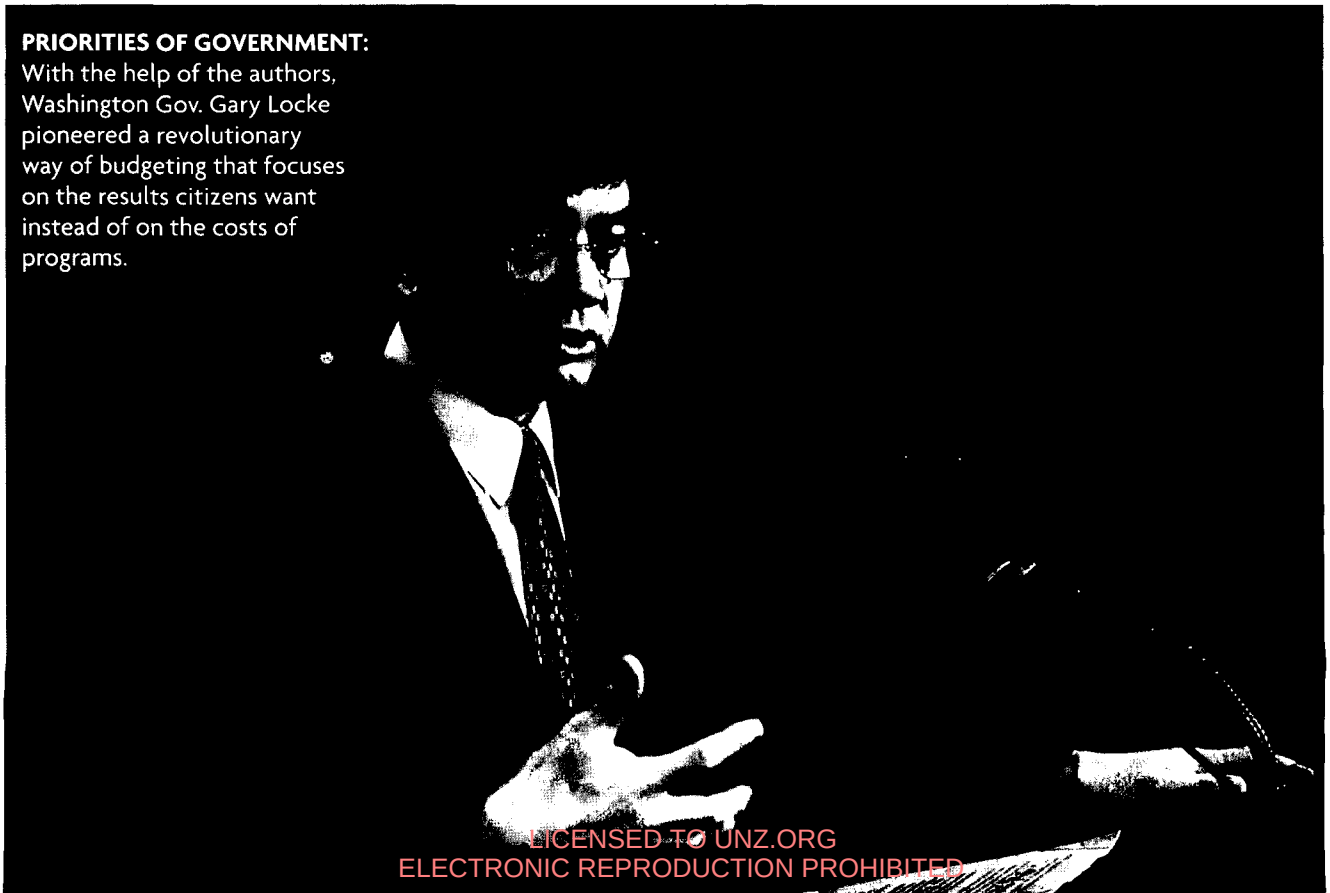
Budgeting for Outcomes focuses attention squarely on the need to buy better results—and deliver higher-value government—with the revenue that's available. The next question is "how?" The answer is smarter sizing, spending, management, and work processes. Here are 10 proven methods:

1. Strategic reviews. Divesting to Invest. Because time is short during budget season, smart leaders create ongoing review processes—outside the budget process—to develop new strategies and eliminate programs that are not central to their core purposes or are no longer valuable to citizens. There are many tools they can use to comb through every organization, from top to bottom, including program reviews, sunset reviews, special commissions, and subsidy reviews.

2. Consolidation. Politicians love to merge organizations, because it looks like they're taking action to save money. But simply moving boxes on an organizational chart can actually make matters worse, increasing costs while sowing confusion that hampers performance. A much more powerful alternative is to consolidate funding streams and policy authority into "steering" organizations that can purchase results from any "rowing" organizations—public or private—that can best produce them.

Consider the Pinellas County Juvenile Welfare Board, in the Tampa-St. Petersburg area. The board uses $46 million a year from a dedicated property tax to contract with some 60 different not-for-profit organizations to improve outcomes for poor children. The board does no rowing itself, but these 60 providers offer a wide array of services, from child-care centers, to teaching parenting skills, to teen centers, to residential treatment services. The Juvenile Welfare Board measures their performance, weeds out the least effective, and moves money to strategies and organizations that demonstrate the greatest impact.

3. Rightsizing. Some organizations work better when reduced in size, but others are crippled. Finding the right size does not start with layoffs. Rather, it starts by asking whether organizations are doing the right work, aimed at producing the right results, in the most effective way. Then, it is essential to make sure the organization has the right staff with the right mix of skills to maximize the value delivered. Eliminating bureaucratic layers and closing regional offices can help an organization find the right size, while



PRIORITIES OF GOVERNMENT: With the help of the authors, Washington Gov. Gary Locke pioneered a revolutionary way of budgeting that focuses on the results citizens want instead of on the costs of programs.

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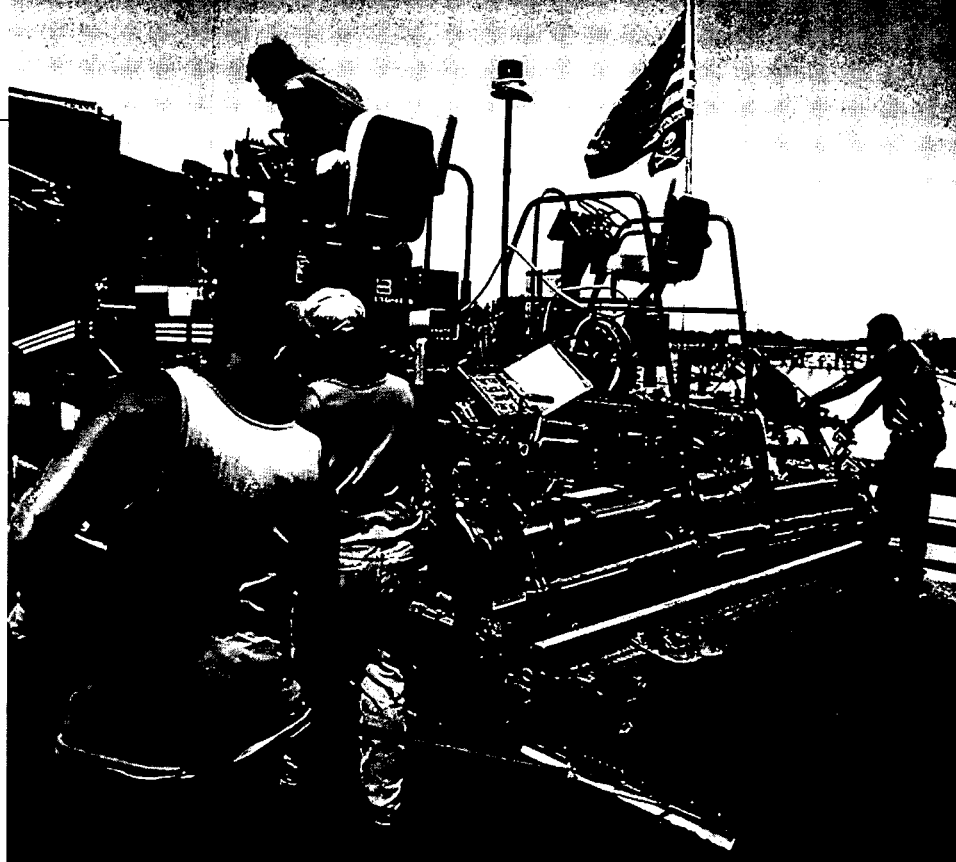
human-capital planning can help it develop the right skills.

Consider the Iowa Department of Transportation, which eliminated seven construction offices, five maintenance offices, and 27 maintenance garages during the recent fiscal crisis. It cut 403 positions (11 percent of its workforce), increasing the average span of control from one manager for every nine employees to one for every 14. To protect services like snow plowing and highway maintenance, the department bought new technology and cross-trained employees, so the same workers now handle both construction and maintenance. The bottom line: annual savings of $35 million, with no significant impact on core services.



MAINTENANCE MEN: One way to get more results for the tax dollars citizens spend is to cross-train workers so they can handle both construction and maintenance.

4. Buying services competitively. The fastest way to save money and increase value is to force public institutions to compete. Nobody who doesn't own one thinks a monopoly is good for business. Why should it be any different in the public sector? When Steve Goldsmith was elected mayor of Indianapolis during the last fiscal crisis, he decided to make public agencies bid against private firms for the right to continue delivering public services. During the next four years, he bid out more than 30 services, from garbage pickup to operation of the city's wastewater treatment system. Close to one-half were won or shared by public agencies; the rest were won by private organizations. The average amount saved the first time a service was bid competitively was 25 percent. Within seven years, competition saved Indianapolis more than $120 million.

5. Rewarding performance, not good intentions. If public-sector managers don't know what they're getting for their money, chances are they aren't getting it. The solution is to set performance targets at all levels, measure performance against them, and reward those who improve. In a time of fiscal crisis, however, positive outcomes aren't enough. The new imperative improved outcomes for less money: value for dollars.

Baltimore provides a perfect example: With his CitiStat initiative, Mayor Martin O'Malley requires every department head to personally stand up and report on performance every two weeks. By giving direct, immediate, personal feedback, the mayor and his staff hold their department heads accountable for solving problems, improving performance, and saving money. In its first year alone, the initiative saved the city $13.6 million, helped cut violent crime by 24 percent and emergency hospital visits due to drug overdoses by 25 percent, and eliminated all but 200 of 2,700 illegal dumping grounds. Since O'Malley formed a "Leadstat" team, more than 1,000 lead sites have been cleaned up and lead poisoning among children is down 36 percent.

6. Smarter customer service: putting customers in the driver's seat. When public organizations let their customers choose between providers, rather than imposing services on them, they can achieve much greater customer satisfaction at less cost. With some services, the Internet even makes self-service possible, at enormous savings. But consider a low-tech service like care for developmentally disabled children.

During the 1990s, Minnesota's Dakota County stopped using grant funds to pay agencies for services and instead provided grants directly to families. The families chose the services they wanted, subject to certain controls, to make sure they used the money responsibly. This dramatically improved customer satisfaction, because families could now decide what made sense for them—for example, having one parent quit work to care for a child, rather than using a caregiver paid by the county. Everyone was better off, and the county saved money. The innovation was so successful that it was adopted statewide.

7. Don't buy mistrust—eliminate it. The sad truth of bureaucracy is that 20 percent of government spending is designed merely to control the other 80 percent. The ruling assumption is that most of us, given the opportunity, will lie, cheat, and steal. Not only does this approach undermine perfor-

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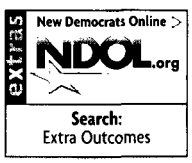
mance, it is incredibly expensive. The smarter move is to first win voluntary compliance by simplifying the rules, working in partnership with and educating compliers, making the process of compliance easier (without lowering the performance standards), creating incentives that reward compliance, and reserving punishment for those who willfully violate the rules.

Ten years ago, for example, U.S. Occupational Safety and Health Administration (OSHA) officials in Maine were intensely frustrated by the failure of their traditional inspect-and-fine approach. While the officials won gold medals from Washington for issuing the most citations and fines, Maine's workplace safety records were the worst in the nation. So they decided to try something different: They asked the 200 employers with the highest volume of injury claims—45 percent of the state's total—to create employee teams that would survey hazards in their plants and correct most of them within 12 months. As long as the company was making a good-faith effort, OSHA would forgo its traditional inspections and fines.

It worked. During the previous eight years, OSHA inspectors had identified 37,000 hazards at 1,316 worksites. In the new program's first two years, employee teams identified 174,331 workplace hazards and corrected 118,671 of them. Two of every three companies reduced their injury and illness rates, and payable worker's compensation claims by the 200 companies dropped by 47.3 percent—far outpacing declines in other companies.

8. Using flexibility to get accountability. From the governments of New Zealand and the United Kingdom to the U.S. Education Department's Office of Federal Student Aid (FSA), examples abound of performance-based organizations that have willingly accepted greater accountability in return for freedom from rules and regulations that impede performance. Charter schools use the same formula, with even more independence and accountability: They are free from many state and district rules, and most operate independently of any district, but they can be closed down if they don't perform. Gov. Tom Vilsack of Iowa is even working on a "freedom communities" initiative, in which the state would give groups of local cities and/or counties new flexibilities if they modernized their structures, combined services, and created mechanisms to measure performance and report it to the public.

9. Making administrative systems allies, not enemies. All organizations are creatures—or prisoners—of their internal systems. Traditional budget, accounting, personnel, procurement, and audit systems are nests of red tape that tie employees up in knots. The messages these systems send about following bureaucratic rules are much more powerful than any leadership exhortations to perform better.



To get lasting improvements in performance, public leaders have to modernize and streamline these systems. The payoff is dramatic savings: Two major procurement reform bills passed by Congress, in 1994 and 1996, had already saved $12 billion by the end of 1997. Milwaukee's purchasing department was able to cut its staff by nearly two-thirds and its budget by more than 55 percent by simplifying processes, investing in technology, and giving more authority to departments. Montgomery County, Md., managed to shrink its accounts payable staff by more than one-half simply by giving departments authority to pay invoices in amounts up to $5,000 rather than sending them to a central accounts payable department.

10. Smarter work processes: tools from industry. To do more with less, organizations must ultimately change the way they work. Some of this involves wholesale substitution of new methods and strategies. But much of it requires that existing work processes of all kinds—from street repair to eligibility determination to tax collection—be streamlined.

Industry has developed several powerful tools to do this. Total Quality Management trains and empowers small teams of employees to make continual small improvements in their work processes. WorkOuts, invented at General Electric, bring people together for three to five days to solve problems. Leaders set a time limit for finding answers, approve or reject recommendations on the spot, and keep everyone on the job until it is done. And Business Process Re-engineering is a radical, "clean sheet" redesign of complex, large-scale business processes, to increase their efficiency and quality in dramatic ways.

That citizens want value for their money is no mystery. We all want as much value as we can get from each dollar we spend—including what we spend on government. The price and value of government are up against the price and value of housing, food, clothing, health care, and countless other goods and services that meet people's needs. The price of government is limited, therefore, by the value that citizens want—and get—from government, compared with the value they want and get elsewhere. Government can compete—and stay relevant—only by delivering more value per dollar. But the only way to accomplish that is to reinvent the way we do the public's business. Our public institutions must learn to work harder, but more important, they must learn to work smarter. ◆

> "The **sad truth** of bureaucracy is that 20 percent of government spending **is designed** merely **to control** the other 80 percent."

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Leading by example

President Bush has punted on a domestic agenda. Governors can show him how it should be done.

> *by* **José Cerda III** *and* **Paul Weinstein Jr.**

Since the day he entered office, President Bush has been piling burdens on the states, imposing one unfunded mandate after the other on critical challenges ranging from education reform to homeland security. The burden shifting has been necessary, in part, to help pay for the rest of the president's brazen tax-cut-and-spend agenda. But the unkind result is that states—which are legally prohibited from running budget deficits—are forced to do more with less.

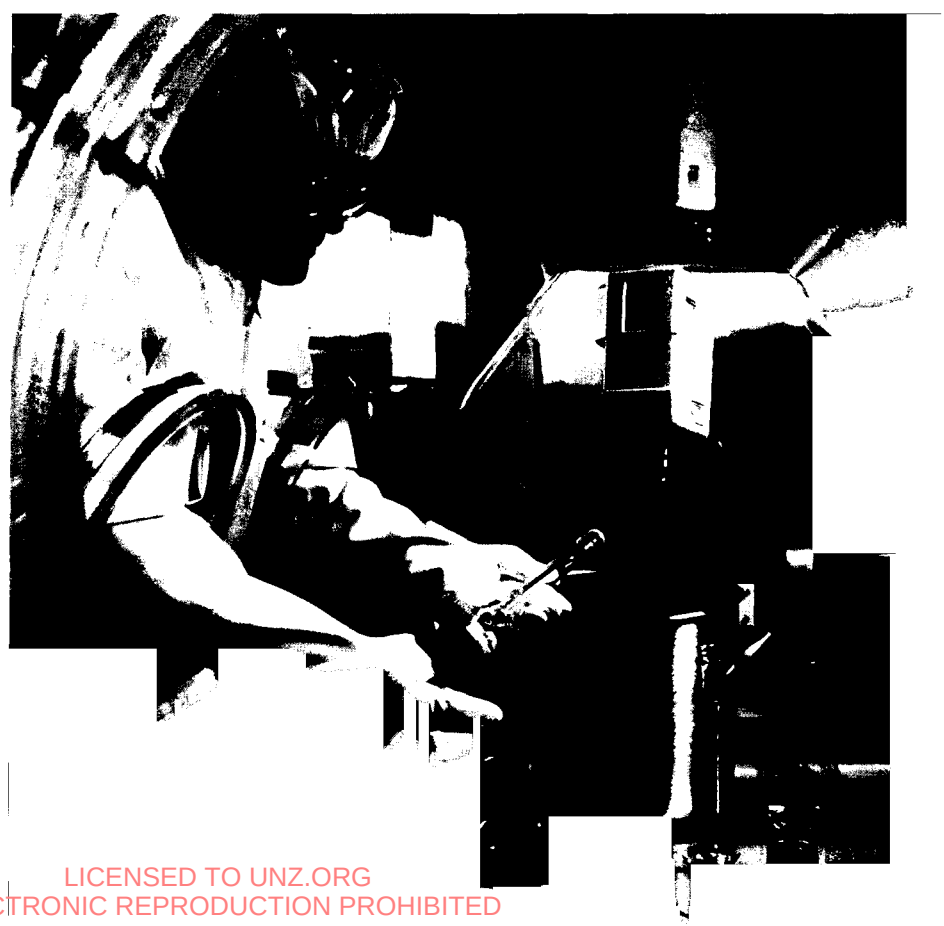
Even so, where the Bush administration has been noncommittal, governors have led. They have held the line on taxes and spending, weathered the worst financial crises in more than half a century, and managed to keep their budgets in balance. They have made hard choices and still found ways to invest in homeland security, fund state educational priorities, and even lower the costs of prescription drugs for seniors.

Incredibly, after abandoning the governors with problems of his making, Bush had the temerity to use a National Governors Association meeting as the occasion to throw down the gauntlet for his re-election campaign. Speaking to a sub-group of Republican governors, the president extolled what he implied was a shared "record of historic achievement." The president's fellow Republicans greeted his remarks with polite applause; party loyalty demands as much. But Democratic governors should call Bush's bluff on his abysmal record, and challenge his empty rhetoric with an action agenda of their own. Here are ten ways to start:

1. Use results-based budgeting to deliver more value to citizens for the tax dollars they spend. Many governors have survived their recent financial crunches by taking a hard look at their budgets and then cutting state spending. But cuts can only take a state so far. To put state governments on a firm financial footing for the long haul, lawmakers should reinvent the budget process. They should abandon the traditional focus on program costs and what can be whittled away, and focus instead on the results they need to deliver for citizens with the revenue that's available.

This process, which was pioneered by Washington Gov. Gary Locke, is called "budgeting for outcomes." It's a way to make lawmakers stop fighting about the 10 or 15 percent of spending that must be cut in a revenue shortfall, and start thinking about how to increase the effectiveness of the 85 or 90 percent of public dollars that will continue to be spent. That's a vital step, not only in achieving long-term fiscal solvency, but also in restoring citizens' confidence in the value of government itself. *(For more details on this results-based focus, see "Budgeting for Outcomes," p. 24.)*

2. Create a network of university venture funds to spur economic innovation. New ideas are the key to



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economic growth and job creation. But ideas can die in the research lab, or in the inventor's basement, if entrepreneurs don't have access to capital and credit. To create the jobs of the future, governors should launch a network of university-based venture funds that offer seed financing to entrepreneurs in targeted development areas. The successful Wolverine Venture Fund at the University of Michigan is a model for such funds. Its goal is to make strategic investments in early-stage, technology-oriented companies and to help ensure that inventions make their way into the marketplace, not into history's trash bin.

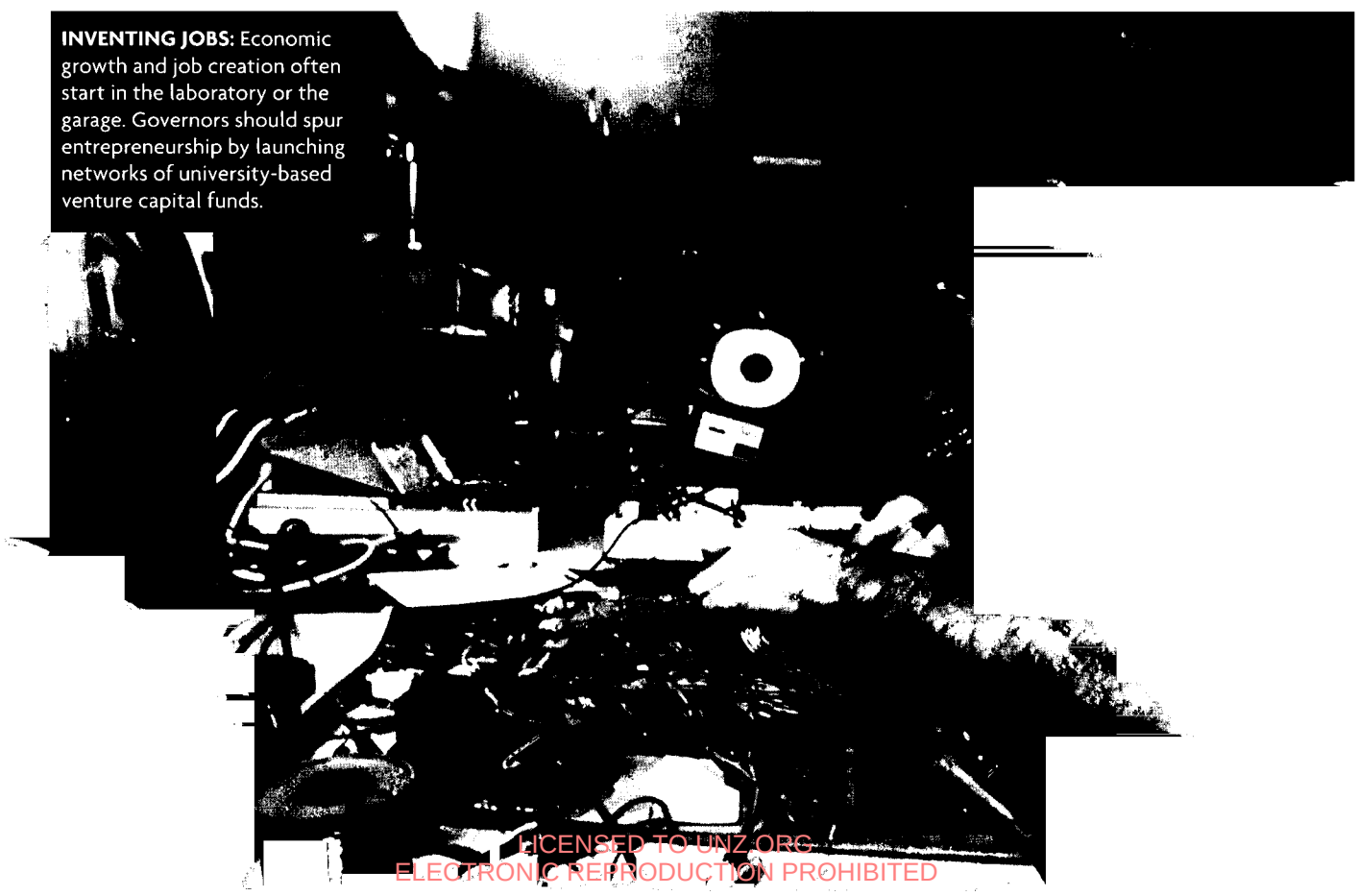
Governors can further strengthen the link between private business and public universities with tax breaks for businesses that conduct research at state universities. Such collaboration spurs technology development and fosters new businesses. It also attracts private resources to help public universities grow and improve. Over time, royalties and patent payments from commercialized research first sponsored through tax incentives could be used to help pay for the incentives themselves.

> "Democratic governors should **call Bush's bluff** on his **abysmal record**, and challenge his empty rhetoric with an action **agenda of their own**."

3. Set high goals for high school graduation and postsecondary matriculation rates, and then provide students the special attention they need to achieve those goals. At the heart of the American dream is a simple bargain: If you work hard and play by the rules, you deserve a chance to build a better future. A college education is the key to that dream, but it's still beyond the reach of many of our young people. And too often, we lose sight of this fact in the roller coaster debate over education reform.

That's not the case at Detroit's University Preparatory Academy (UPA), a public charter school that serves disadvantaged students. There, the goal of making it to college is front and center. The UPA's target is for 90 percent of its students to graduate from high school, and for 90 percent of those graduates to go to college or receive some post-secondary education. It's an ambitious goal, especially since two-thirds of Detroit's public school students drop out of high school. Yet UPA students have made remarkable strides.

Some of the keys to UPA's success could be widely emulated. They include designing individual student learning plans, demanding more parental involvement, and requiring students to complete professional internships.



INVENTING JOBS: Economic growth and job creation often start in the laboratory or the garage. Governors should spur entrepreneurship by launching networks of university-based venture capital funds.

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4. Make the first year of college free for those who perform community service. Sometimes getting young people through college is simply a matter of getting them started. That's why states should provide academically prepared students one year of free tuition at a public university or community college, in exchange for a commitment to perform at least 10 hours of community service per week. This can eliminate the sticker shock that scares off some prospective students from going to college in the first place. After they get through that first year, they'll be more aware that financial aid is available and have a better understanding that education is an investment worth making. That's a good deal for students and for states.

5. Hold the line on tuition increases, to keep college affordable. Unfortunately for many Americans, the cost of a college education continues to spiral upward. In 2002, tuition at public colleges and universities rose by 13 percent, the largest increase in three decades. This is a huge burden for families with kids in college, and they need some measure of relief. Governors should commit themselves to holding tuition increases at public colleges and universities to the rate of inflation for the next two years.

6. Provide online enrollment for the uninsured to expand access to health care. About two-thirds of the 11 million uninsured children in America are eligible for health insurance under Medicaid or the State Children's Health Insurance Program (SCHIP), but have not enrolled in either one. This is a major obstacle to achieving universal health coverage. Part of the problem is that bureaucratic barriers thwart many individuals and families. Governors can modernize Medicaid and SCHIP and reduce the ranks of the uninsured by creating applications that will be available anywhere with Internet access, including schools, libraries, and public health clinics.

> "State and local police officers are commonly tapped to be **special deputies** to work with federal agents cracking down on **drug cartels**. Governors should demand the same status for all key **homeland security** personnel."

7. Create state purchasing pools for prescription drugs to help ease the burden of health care costs on family budgets. Governors can increase their states' market clout and drive down the prices consumers pay for prescription drugs by joining with other states in regional purchasing pools, and by combining the drug budgets available through Medicaid, state employees' health plans, and low-income drug assistance programs. Purchasing pools are a particularly good idea for smaller states that don't have the market clout that large states do. For example, West Virginia, Louisiana, Maryland, Mississippi, Missouri, New Mexico, and South Carolina have joined together to form a group called Rx Issuing States (RXIS). In a similar regional effort, New Hampshire, Maine, and Vermont have combined their Medicaid programs and expect to achieve annual savings of between $39 million and $58 million, which would be between 10 percent and 15 percent of their total drug budgets.

8. Use tougher, tighter supervision for ex-convicts to cut crime and recidivism. Our system for supervising ex-convicts is broken. More than 600,000 state and federal prisoners are released into communities each year, and fewer and fewer of them receive any meaningful supervision. A majority will commit new crimes, get arrested, and be returned to prison—usually within just six months of the date of their release.

It is time for governors to slam shut this revolving door. That means hiring more parole agents and giving them the legal tools, financial support, and new technologies they need to keep a constant, real-time watch on all newly released prisoners. It means partnering with local police and judges in the urban areas where many ex-cons are concentrated. And it means reaching out to faith-based organizations and community groups to help reintegrate

VOLUME DISCOUNTS: Prescription drug prices have been soaring. Governors can push costs down by banding states together into bulk purchasing pools.

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ex-cons and keep them on the straight and narrow.

9. Designate special deputies for counter-terrorism to make states full partners in the war on terror. A good model exists for the ways state and local authorities can work side by side with federal officials to prevent future acts of terror: State and local police officers are commonly tapped to be special deputies to work with federal agents who are cracking down on drug cartels. Under that authority, the Justice Department empowers state and local law enforcement officers to carry firearms, conduct searches, and make felony arrests in support of federal anti-drug laws. Once deputized, these officers are more likely to receive federal intelligence and be eligible for federally paid overtime. Governors should demand that this same status be conferred on all key homeland security personnel in the states, and that these "special deputies" be assigned to work alongside federal officials in the fight against terrorism.

To support the work of these special deputies, as well as the first responders and National Guard personnel who will be called on to respond to a serious terrorist attack, governors should form National Guard Auxiliaries. Like the approximately 35,000 members of the U.S. Coast Guard Auxiliary, these National Guard volunteers would receive special training and be considered a functional part of a state's National Guard, assisting with such duties as safety patrols and search and rescue missions. The same age and physical fitness requirements that apply to National Guardsmen would need not apply to the auxiliaries, because they won't be called on for overseas combat, so special efforts could be made to recruit retired police officers and emergency response personnel, health professionals, translators, and other uniquely qualified candidates.

10. Establish a 21st century emergency alert system to warn citizens in the event of a crisis. The current Homeland Security Alert System is a national embarrassment. Its color-coded advisories do not provide any specific information about terrorist threats or how to respond to them. And repeated calls for high-alert status have scared the public and compelled state and local governments to spend scarce resources on short-term, and sometimes unnecessary, security measures. Governors should call for this wasteful system to be scrapped, and they should lead the effort to replace it with a high-tech alternative that actually makes the country safer. In conjunction with the Department of Homeland Security, the Federal Communications Commission, and the private sector, governors could work to improve the current Emergency Alert System (formerly the Emergency Broadcast System) so that in the event of a national, state, or local emergency, authorities could instantly notify the public, not just by television and radio, but also by cable television, telephones, pagers, cellular telephones, wireless PDAs, and computers with Internet access.

Because the Bush administration has turned its back on the states, opportunities abound for governors to fill the leadership vacuum with innovative initiatives to solve the country's problems. These 10 are just a start. As governors show results, Congress and the president will scramble to get on their bandwagon. ◆

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The new face of inequality

Separate but equal is legal history, but an educational achievement gap will persist until we finish the job of education reform.

> *by* **Andrew J. Rotherham**

Fifty years ago this May, the Supreme Court handed down the landmark *Brown v. Board of Education of Topeka, Kansas* decision, beginning the end of formal segregation in public schools. The ruling ushered in a new era in American public education. It became a turning point in a battle to ensure access to public schools for minority students, and ultimately disabled students as well.

But, while today, as a legal matter, the access battle is largely over, a new struggle for quality and equity has taken its place. Although neighborhood demographics cause de facto school segregation in many communities, it is the staggering gaps in academic achievement and outcomes separating minority and white students that demand the immediate attention of policymakers. National Assessment of Educational Progress data show that, on average, African-American and Hispanic students trail white students academically by four grade levels by the time they finish high school. And new data from the Urban Institute and the Harvard Civil Rights Project indicate that only about *one-half* of black and Hispanic students graduate from high school nationwide. Meanwhile, black students are overrepresented in special education and under-

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FAILURE OF LEADERSHIP: President Bush's indifference to education after the passage of the No Child Left Behind Act has played into the hands of the law's opponents.

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represented in gifted education programs.

These disparities mean that the overall demographics of schools are now less analytically useful than data about what happens to students inside the schools. What classes they take, the qualifications of the teachers teaching them, and how much students are learning are now the central measures of equity.

> "The access battle is largely won. It is the **staggering gaps** in academic **achievement and outcomes** separating minority and white students that **demand** the immediate **attention** of policymakers."

Much-needed reform. In an effort to address these disparities, Congress passed the No Child Left Behind Act (NCLB) in 2001. NCLB is intended to better document achievement gaps and force states and school districts to address them. The law builds on the 1994 Clinton reauthorization of the Elementary and Secondary Education Act (ESEA), which first required states to develop standards, assess students, and use that information to develop ways to hold schools accountable for student learning. NCLB now requires states to modify their accountability systems to measure school progress, not based on overall averages, but rather using the disaggregated achievement of racial and ethnic minorities, special education students, and students whose first language is not English.

These are not minor changes. Before NCLB, most states did not include racial, ethnic, or other subgroups in their accountability systems. In fact, according to the Education Commission of the States, only six considered achievement gap data for school accountability. Instead, in the 33 states that had some sort of performance-based accountability, the rating generally hinged on a fixed percentage of students passing a state test. This meant that a school could be highly rated even if a sizeable portion of its students—in practice, often minority students—lagged behind.

There is considerable fear that NCLB's emphasis on highlighting achievement gaps will erode support for public education—especially among the majority of voters who do not have children in school. Though superficially plausible, this argument is wrong. As parents become more sophisticated consumers of education, ignoring problems will drive them to seek other options for their children—such as private schools. An exodus to private schools, which has already occurred in too many urban communities, will turn public schools into the education provider of last resort. Not coincidentally, African-Americans rate public schools less favorably than whites do, and they increasingly support vouchers. That is a sign of trouble that public education supporters must not ignore.

Of course, laws like NCLB have inherent liabilities. For starters, large reforms usually require fine tuning as they're implemented. Stanford Professor Michael W. Kirst, who served as a federal education official during ESEA's early years, notes that it took several reauthorization cycles to fix that law's early kinks. Likewise, more than a generation after federal special education legislation was first passed, and despite great strides for disabled students, there are still widespread problems with that law. So it is with NCLB.

In addition, today's public policy challenges are complicated. Legislation aimed at solving them is inevitably complex, too. That often leads to confusion at the state and local levels during implementation. Some of the current resistance to NCLB is attributable to misunderstandings about what the law requires and, just as important, *does not require.*

Finally, though NCLB has broad benefits for the public and specific advantages for low-income and minority students, it imposes concentrated burdens on states, school districts, and schools. The general public, and poor and minority students in particular, are not organized to advance their interests and be heard in the political process. But adults in the education system are. Politically, education reform is not different from tax reform, agriculture reform, or health care reform. Organized interests and the general public's interests are not always the same. What sometimes makes education reform harder to understand is that the organized interests represent respected and important figures, such as teachers, not plausible villains, such as big industries. But at the end of the day, the political dynamic is still the same.

Understanding this dynamic is essential to understanding the real nature of "opposition" to NCLB today. Although the vocal critics get the attention, many states, school districts, and schools are quietly and anonymously working to make NCLB succeed.

Dropping the ball. Unfortunately, President Bush's indifference to education after the passage of NCLB compounded each of these challenges. Ironically, those seeking to undermine NCLB have enjoyed an ally in Bush, who has made several blunders that strengthen their hand.

First, Bush administration officials believed the Clinton administration had allowed states too much flexibility to flout ESEA. As with other issues, they responded by reflexively doing the opposite of the Clinton policy: overregulating and turning a deaf ear to even reasonable calls for change. Now, two years after NCLB was

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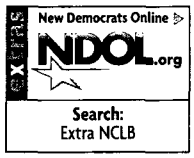
passed, the Department of Education must change its regulations to give states and schools flexibility *that was allowed under the law in the first place.* Of course, regulatory hassles gave NCLB opponents months of easy arguments.



Similarly, the Bush administration failed to issue quick guidance about key parts of NCLB and help states and school districts understand its more complicated provisions. The resulting misunderstandings created immediate implementation problems and more softballs for NCLB opponents, but they also have longer-term consequences. Many states, for example, are not using all the flexibility NCLB allows in the design of accountability systems, leading to problems identifying schools "needing improvement."

Finally, Bush's failure to sufficiently fund the law created political and substantive problems. The political liability is obvious; the president's anemic funding requests call into question his commitment to making the law work and put NCLB's Democratic supporters in a bind. Though Republicans claim dramatic education funding increases since Bush took office, they neglect to add that, had his budget requests been passed as submitted, federal funding for NCLB would be almost $7 billion less than it is now. There are legitimate academic arguments about whether, technically, NCLB is adequately funded. Politically driven estimates of NCLB costs in some states are wildly inflated.

Nevertheless, state and local policymakers need the leverage of new resources to implement a contentious law.

Issues for 2004. Despite these problems, education was still an easier issue when the big Republican idea was to abolish the Department of Education. Albeit flawed, now Republicans do have an education agenda.

Education is a tricky issue in presidential elections. Particular education policies do not move votes the way issues like gun control or abortion do. Polls indicate less than 10 percent of voters would change their votes over a candidate's education positions. However, education helps voters form a more general, values-based impression of a candidate, and these general impressions move blocks of votes. This is how George W. Bush used education in the 2000 election campaign. When he talked about education and the achievement gap, he was speaking less about schools than about values and directing his message less to minority parents than to moderate swing voters.

Sen. John F. Kerry has a similar opportunity. He can use education to show that his values include public-sector reform and challenging whatever stands in the way of progress. This would not be new, for Kerry has already shown his reformist instincts. For example, in a provocative 1998 education speech at Northeastern University, he showed a progressive bent and a willingness to tackle difficult issues. A few more speeches like that, and people may wonder how Democrats lost the education issue to Bush in the first place.

Yet, if Kerry fails to hold firm on accountability and does not articulate a positive reform agenda, he risks allowing Bush to frame the issue. Early childhood education, improving teacher quality, and expanding public school choice and charter schools are vital to making NCLB work. These are issues on which Kerry can draw stark contrasts with Bush. Moreover, promoting a solution-oriented agenda instead of simply attacking NCLB keeps Kerry out of the "accountability versus spending" corner, where Karl Rove wants him.

In practice, changing NCLB's accountability framework means lessening requirements for one or more minority groups, giving the president an easy opening to attack. Though the president's poll numbers on education have dipped recently, the 2000 election demonstrates that it is a mistake for Democrats to take the issue for granted.

Higher stakes. The stakes in the NCLB debate go beyond the 2004 election. Though obscured by various partisan skirmishes, the fundamental disagreement between liberals and conservatives in education today is whether large public bureaucracies can reform themselves.

Conservatives say no. They claim such institutions are too compromised by inertia and politics (specifically, interest group pressure) to change substantially. They believe that unless the clients—children—can leave a failing system, real reform is impossible. By contrast, most on the left argue that, when not starved for resources, the public sector can fix itself and deliver high-quality education. In this view, allowing clients to exit the public system drains resources and is counterproductive.

NCLB's detractors claim that the law is a conservative plot designed to pave the way for privatization and vouchers. This is ridiculous, considering NCLB's many liberal supporters. Yet political resistance to the law could lead to this outcome. Failure to eliminate the achievement gap is unlikely, by itself, to substantially alter the political alignment on education. But failure to even try seriously validates the conservative argument. And neither that result, nor the systematic undereducating of minorities, is what *Brown* was about in the first place. ◆

> "**Education is a tricky issue** in presidential elections. Particular education policies **do not move votes** the way issues like **gun control** or **abortion** do."

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▶ WILL MARSHALL

Jihadist virus

The fighting in Iraq, replete with suicide bombings, hostage taking and videotaped murders, has merged strategically and morally with the larger war on terrorism and the jihadist ideology that inspires it. That's why Tony Blair and John Kerry are right in telling progressives: This is our fight, too.

More than any particular rogue dictator or band of terrorists, it's the belief system of Islamic extremism that really threatens us. Even if we manage to get our hands on Osama bin Laden, it won't put an end to bin Ladenism. Al Qaeda today is less an actual organization than a viral ideology spread by videotapes, clerical demagogues, and the Internet. Terrorism experts believe recent bombings in Morocco, Turkey and Spain were carried out by local groups that want to emulate al Qaeda but have few if any links to what's left of bin Laden's network.

Bin Ladenism is a particularly virulent form of identity politics that casts Arabs, and Muslims generally, as victims of a powerful infidel conspiracy led by Israel and the United States. This is the theme that links bin Laden's Sunni fundamentalism to Moktada al-Sadr's Shiite rebellion in Iraq, and that echoes in state-managed media as well as al Jeezera's shamelessly ethnocentric reportage.

Like its European cousins, fascism and communism, the new Islamic totalitarianism posits a life-or-death struggle against nonbelievers and rival systems. Like them, it dehumanizes its opponents, so that the faithful will suffer no moral qualms about "liquidating" their enemies en masse. It's this mentality of lunatic piety that leads well-educated, middle class Muslims to fly airliners into buildings, and that recruits young Palestinians to strap on a suicide belt and blow busloads of strangers to smithereens. Unfortunately, the cult of death and martyrdom seems to be spreading.

Radical Islam has risen in reaction to a series of historical shocks: the dashed hopes of pan-Arab nationalism and socialism, the end of the Cold War system of superpower patronage, a humiliating string of military losses to tiny Israel, and what prominent Arab scholars describe as lagging social, economic, and political development. Once the crossroads of world trade, the greater Middle East is largely shut out of the global economy. Repressive and corrupt governments are the rule; democracy has yet to take root in a single Arab country. For a proud people in the grip of cultural despair, the slogan "Islam is the solution" has undeniable appeal.

How can America prevail in this new war of ideas? In the same way we overcame fascism and outlasted communism: by containing the advance of Islamic extremism, by refusing to be intimidated by threats and violence, and above all by administering the antidote of liberal ideas.

Containment means stabilizing Afghanistan so that it never again becomes a host for the jihadist virus. We can't do that with the meager forces there now. The United States needs to convince our European allies to increase the NATO presence so that it can help the central government extend its writ beyond Kabul and subdue regional warlords. This won't be easy.

Iraq, however, is the grand strategic prize. If we succeed in helping Iraq's moderate majority establish a stable, decent, representative government in Baghdad, the ripple effects throughout the region will be enormous. A precipitous withdrawal, on the heels of Spain's craven pull-out following the Madrid attacks, would be a strategic windfall for bin Ladenism. It would confirm the extremist claim that America lacks the stomach and stamina to fight against jihadists who, in al Qaeda's famous boast, "love death more than you love life." Bringing home the troops before our mission is done in Iraq would save lives in the short run, but only invite bolder attacks down the road.

Ultimately, however, the confrontation between radical Islam and liberal democracy won't be won on the battlefield. More than death in battle, our enemies fear the subversive pull of liberal ideas—individual freedom and dignity, equal rights for women, tolerance of difference, and the separation of religion and government. Their nightmare is that these could prove more appealing to the moderate majority of Muslims than their own recipe for a perpetual Holy War against the non-Islamic world.

That's why the West's best defense is a major push to encourage economic and political reform in the region. Starting in Iraq, a strategy of gradual liberalization would entail opening markets and expanding trade, increasing aid and tying it to more accountable governance, investing in public education (including that of girls), funding more robust public diplomacy and consistently backing human rights and democracy.

In short, the democratic West needs to mobilize our values to prevail over the new totalitarians. And progressives should lead the way. ◆

> **Will Marshall** is president of the Progressive Policy Institute.

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Stressed out

Long deployments are wearing on our soldiers and straining their families back home. To relieve the pressure, we need to grow and transform the military.

> *by* **Steven J. Nider**

During the 2000 campaign, George W. Bush often charged that U.S. forces were overburdened with unnecessary deployments. "Frustration is up, as families are separated and strained. Morale is down. Recruitment is more difficult. And many of our best people in the military are headed for civilian life," he said. But after three years with Bush as commander in chief, military life has not gotten better; in fact, it has gotten much worse. Military experts are cautioning that longer and more frequent deployments in Iraq, Afghanistan, and trouble spots around the world are threatening the ability of the all-volunteer force to retain many of its best and brightest.

While President Bush has sought and received substantial increases in the Pentagon's budget to fight the post-9/11 war on terrorism, these funds have not been used to scale up the military's force structure or recruit people with the skills necessary for nation-building operations. As a result, the wars and post-war commitments in Afghanistan and Iraq have opened up a large and growing military manpower gap that threatens to push the all-volunteer force to the breaking point and risk the success of these critical missions.

Nowhere is the strain on a system already under stress more evident than in Iraq. Amid a growing insurgency in both Shiite and Sunni cities, Secretary of Defense Donald Rumsfeld has announced that troops scheduled for rotation will have their tours in Iraq extended beyond the year originally

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planned. Approximately 110,000 fresh soldiers and Marines are now arriving in Iraq. Before the recent insurgency, the plan had been for them to relieve the 130,000 troops already in Iraq, in the largest two-way movement of American troops since World War II. Extending the first wave's tour would amount to a dramatic increase in overall troop deployments.

In addition, National Guard and Reserve troops represent nearly 40 percent of U.S. military men and women in Iraq. Not since World War II have so many National Guard units been pressed into service abroad. Since 9/11, more than 143,000 National Guardsmen have been mobilized worldwide, with the biggest single concentration expected this spring, when more than 35,000 Army National Guard troops are slated to arrive in Iraq as thousands of their colleagues rotate home. The huge deployment is redefining the nature of National Guard service, transforming weekend warriors into something very close to full-time soldiers, who regularly leave behind their jobs, businesses, and families for extended periods.

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Unlike the Army of 1973, which was largely composed of single draftees, today's all-volunteer Army is largely composed of personnel who are married with children. The long deployments are stressing those marriages and families, and most active-duty personnel have skills valued in the civilian world, as the recruiting posters promise, so there is substantial incentive for them to leave the military.

Even those whose greatest skills are in combat have incentives to leave the military. Senior American commanders and Pentagon officials warn of an exodus of the military's most seasoned Special Operations members to higher-paying civilian security jobs in places like Baghdad and Kabul, just as they are playing an increasingly pivotal role in combating terror and helping conduct nation-building operations worldwide. Senior members of the Army Green Berets or Navy Seals with 20 years or more experience now earn approximately $50,000 in base pay, and can retire with a $23,000 pension. But private security companies, whose services are in growing demand in Iraq and Afghanistan, are offering salaries of $100,000 to nearly $200,000, depending on experience.

A recent survey of Army spouses conducted by *The Washington Post*, the Henry J. Kaiser Family Foundation, and Harvard University found that three-quarters believed the Army is likely to encounter personnel problems as soldiers and their families tire of the strain and leave for civilian lives. Approximately 30 percent said they were certain their spouses would get out. About one-half of those polled said they expected their spouses to re-enlist, and that they will support the decision. In isolation, those numbers are not necessarily alarming—on average, 50 percent of soldiers leave at the end of their first enlistment period. But Army experts are concerned by internal Army data indicating morale problems among troops serving in Iraq. There is a fear that more seasoned soldiers will start leaving in unusually large numbers, as they did during the latter part of the Vietnam War.

> "**Stop-loss** measures are a **threadbare solution**. It should now be **abundantly clear** to the administration that the United States does, in fact, need to **increase the ranks** of its military."

The situation has led many from both parties in Congress to advocate increasing the size of the active-duty Army. But with the price of Iraqi occupation running at $1 billion a week, the administration has been reluctant to do anything that would raise the bill. Recruiting soldiers of any kind is not cheap: Each soldier adds $50,000 to $100,000 to the annual Pentagon budget. Instead, the Pentagon has chosen to institute "stop-loss" measures that prohibit troops from leaving the military after their contracts expire, running counter to the very notion of a volunteer military.

But stop-loss measures are a threadbare solution. It should now be abundantly clear to the administration that the United States does, in fact, need to increase the ranks of its military. To alleviate the stress that is wearing on the active-duty troops serving in Iraq and Afghanistan, we should recruit more people into the Army, Air Force, and Marine Corps. There is an emerging consensus among members of Congress and military analysts that those services need to grow temporarily by 8 percent over five years. That would be a good start.

But in addition to adding new personnel, the military must also move quickly to transform its existing National Guard and Reserve forces. To carry out prolonged stabilization operations in Iraq and Afghanistan, we need to rapidly retrain people with outmoded skill sets, such as those serving in artillery units, to serve instead in the high-demand military police and civil affairs units that are needed to rebuild war-torn nations.

In an address to the nation last year, Bush promised, "We will do what is necessary, we will spend what is necessary, to achieve this essential victory in the war on terror, to promote freedom and to make our nation more secure." Yet the president's inaction in the face of the growing military manpower crisis suggests otherwise. The time has come to stop playing politics with the military and face the reality of what's needed to win today's wars. ◆

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▶ SEN. TOM CARPER

Reinventing retirement

Seven short years from now, the first members of the baby boomer generation will turn 65. Over the following two decades, the retirement-aged population will double in size, to more than 70 million. This unprecedented demographic shift will bring a raft of serious challenges. A shrinking workforce will have to support growing numbers of older Americans. There will be increasing demands on family caregivers. And we will have to address on a wider scale than ever before the societal effects of isolation and civic disengagement that can come with old age.

Tackling the problems of an aging society will require more than simply reforming existing programs like Medicare and Social Security—though that will certainly be critical. It also will require creating new public institutions that can leverage the changing nature of old age itself.

While it is true that baby boomers will be the largest generation of elders in our history, they will also be the best educated, healthiest, and most active group of elders the world has ever seen. And, while most baby boomers, like their parents and grandparents, see their 60s as a time to bring their full-time careers to an end, they are also much more likely than past generations to express interest in a more active retirement that mixes work, leisure, and national service. As the Progressive Policy Institute has documented, innovative public-private partnerships are pointing the way toward a new approach that enlists baby boomers themselves in civic projects that will help tackle the problems their increasing numbers create.

One such project is Experience Corps, started in 1995 by civic entrepreneur Marc Freedman. Over the past nine years, Experience Corps has grown to include more than 1,000 service members in 12 cities. The program, which is funded through a partnership between local public schools, private foundations, and the Corporation for National and Community Service, recruits Americans 55 and older to serve at least 15 hours per week tutoring in their communities' public schools. Working in teams of 10 members per school, Corps members focus their time on children who are falling behind, using intensive one-on-one tutoring sessions to improve their educational performance.

Frank Avitia of Portland, Ore., is typical of the kind of motivated retiree attracted to Experience Corps. Soon after retiring from a career as an architectural draftsman, he found himself seeking a new labor of love to fill his free time. Fluent in both English and Spanish, Avitia signed up with Experience Corps to serve in English as a second language (ESL) classes at Joseph Gale Elementary School. "I told the ESL teacher, 'Give me the rowdies,'" he says.

Avitia immediately went to work building an environment that would help translate the students' energy into results. Using a computer-aided drafting program, he created the blueprints for a home and assigned the children to work in teams of three, labeling everything in the house using only the English names. As a reward for the students' hard work, on Fridays Avitia uses his drafting skills to teach the third- and fourth-graders how to build paper airplanes. For Avitia, the reward is finding a way to make a difference in retirement. "My heart is really in this, working with kids," Avitia says. "I always wanted to do that."

While most public education initiatives struggle to demonstrate positive results, the impact of the Experience Corps members' work is striking: Independent evaluations demonstrate a dramatic improvement in students' attendance and motivation, and more than two-thirds of the participating students raise their reading scores by one grade level or more. Researchers have discovered that participation has important benefits for the Corps members as well. Compared with a control group, elderly participants in the program have greater levels of physical activity, experience less of a decline in their walking speed, have fewer falls and less need for canes, and report higher levels of general health and well-being.

By helping to engineer a reciprocal transfer of the experience, skills, and talent of older Americans to younger generations, Experience Corps and many programs like it can play a part in helping to ensure that the country has the skilled work force it will need to support our existing old-age institutions in the decades to come. Such civic initiatives should not be expected to solve all the challenges of an aging society on their own. But by dramatically scaling up public support for these programs in the years ahead to match the contributions made by private foundations, schools, and other community organizations, we can ensure that by the time the first baby boomers reach 65, meeting the needs of an aging society through national service will be an essential part of a new, more active retirement. ◆

▷ **Sen. Tom Carper** (D-Del.) is the DLC Chair for Best Practices.

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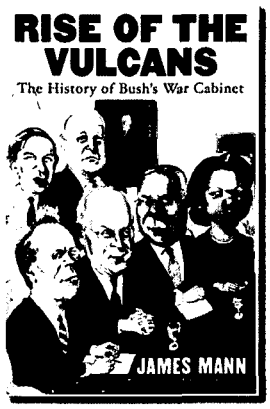
Bush's dream team

> *by* **Will Marshall** || Although national security has dominated George W. Bush's presidency, it barely registered as an issue in the 2000 presidential debate. That was fortunate for Bush, because as a Texas governor who rarely traveled abroad and evinced little interest in world affairs, he was at a distinct disadvantage against his vastly more experienced rival, Vice President Al Gore.



RISE OF THE VULCANS: The History of Bush's War Cabinet
by James Mann
• Viking Press •
426 pp • $25.95

Nonetheless, Bush had a ready answer when assailed for the thinness of his credentials as a potential commander in chief: "I've got one of the finest foreign policy teams ever assembled." Since results matter more than résumés, the jury is still out on that claim. But there's no doubt that in Dick Cheney, Donald Rumsfeld, Colin Powell, Paul Wolfowitz, Richard Armitage, and Condolezza Rice, Bush surrounded himself with the GOP's best and brightest on national security.

These are the "Vulcans," as they jokingly dubbed themselves, after the Roman god of fire and forge whose statue greets visitors to Birmingham, Ala., Rice's formerly steel-producing hometown. According to veteran foreign correspondent James Mann, the Vulcans are not merely the architects of the Bush administration's aggressive security policies; they also have been instrumental to a sweeping transformation over the past 35 years: America's ascent from the depths of post-Vietnam weakness and self-doubt to its current status as the world's sole superpower.

In *Rise of the Vulcans: the History of Bush's War Cabinet*, Mann, now at the Center for Strategic and International Studies, traces the interlacing careers of the Vulcans to weave a gripping tale of that transformation. He renders vivid portraits of the main protagonists: Rumsfeld, a nimble, serenely confident and absolutely ruthless bureaucratic infighter; Cheney, opaque, secretive, and deeply conservative; Wolfowitz, the theorist who constructs the intellectual frameworks for security policy; Powell, a soldier and very political general who became the nation's most popular military figure since Eisenhower; Armitage, a barrel-chested Naval Academy graduate and intrepid warrior turned diplomat; and Rice, another academic turned policy maker and an African-American woman in a man's world.

The Vulcans' rise begins in the mid-1970s against the backdrop of Richard Nixon's resignation, the fall of Saigon, and Henry Kissinger's smothering dominance of American statecraft (he served briefly as both secretary of state and national security adviser to Gerald Ford.) In 1975, President Ford appointed Rumsfeld, 43, the youngest defense secretary and Cheney, 32, the youngest White House chief of staff in U.S. history. Skeptical of detente with the Soviet Union, the duo worked effectively to undermine Kissinger, the gloomy realist who believed that in its weakened state America would have to accommodate other major powers.

> "The Vulcans' rise is a **ringing reminder** of the Republicans' **post-Vietnam dominance** of defense and foreign affairs. That advantage helps to explain their **having won** six of the nine **presidential elections** since 1968."

During Jimmy Carter's presidency, Paul Wolfowitz, a young Pentagon analyst, helped reorient U.S. security policy for the first time around the goal of preventing any hostile power from dominating the Persian Gulf's oil reserves. Meanwhile, Colin Powell was beginning his meteoric ascent from a disillusioned Vietnam company commander to the top of the Pentagon's pecking order and the White House. During the early 1980s, he and Armitage worked at the Pentagon, where Powell helped Defense Secretary Casper Weinberger craft a new set of principles governing the use of U.S. military power. Designed to prevent a repeat of the Vietnam debacle, the Powell Doctrine, as it came to be known, called for the overwhelming application of military power for clearly defined objectives and an explicit exit strategy. After the Iran-Contra scandal prompted a shake-up of Ronald Reagan's security team, Powell was named national security adviser. Condoleeza Rice made her debut later, as a protégé of Brent Scowcroft, national security adviser to President George H.W. Bush.

In the first Bush administration, all the Vulcans except Rumsfeld held key national security posts. As the Soviet Union unraveled, they began drawing the outlines of America's post-Cold War

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security strategy. With Cheney as defense secretary and Powell as chairman of the Joint Chiefs of Staff, the Vulcans planned and executed the first large-scale U.S. military operations since the Vietnam war. The 1989 intervention in Panama, says, Mann, was a watershed. About 20,000 U.S. troops invaded the country, quickly overwhelming resistance, nabbing the drug-dealing dictator Manuel Noreiga, and restoring democracy to boot. That unalloyed success helped to pave the way for the Persian Gulf War, which turned out to be the mother of all confidence-reviving battles for the U.S. military. After a six-week bombing campaign, a U.S.-led coalition routed supposedly formidable Iraqi ground forces in just 100 hours, while suffering negligible casualties. The world caught the first glimmerings of the new, "netcentric" style of warfare that would come to full bloom a decade later in Afghanistan and Iraq. In Pentagonese, netcentric means organizing U.S. forces not around weapons platforms but around a highly computerized network of satellite communications that allows for precise, real-time targeting and "information dominance" of the battlespace.

But if the Gulf War, as the first President Bush said, heralded a "new world order" based on preponderant American power, it also presaged conflicts among the Vulcans that were to resurface during the second Bush administration. Reprising their 1990 roles, Cheney and Wolfowitz in 2002 were the most ardent advocates of invading Iraq, while Powell and Armitage, the Vulcans with actual combat experience, once again played the reluctant warriors. In fact, the Iraq invasion violated nearly every tenet of the Powell Doctrine: The invading force was small and fast, rather than overwhelming; the ostensible objective, dismantling weapons of mass destruction, morphed into regime change when those weapons failed to materialize; and, the White House committed itself to an open-ended mission of nation-building with no exit in sight.

As the internal tensions over Iraq make clear, the Vulcans are hardly monolithic in their views. Mann's book, morever, belies the notion, propagated by conspiracy theorists and glib media reports, that neoconservatives have hijacked U.S. foreign policy. Of the Vulcans, only Wolfowitz truly fits the classic neoconservative profile of staunchly anti-communist former Democrats and intellectuals (like his friend Richard Perle) who clustered around the late Sen. Henry (Scoop) Jackson (D.-Wash.) in the late 1970s before defecting to Ronald Reagan in 1980. While no less hawkish, Cheney and Rumsfeld are conservative nationalists who do not seem fully to share the neocons' moral idealism, especially when it comes to spreading democracy around the world.

In fact, the neocon preference for *idealpolitik* over *realpolitik* illuminates their roots in the muscular liberalism of Harry Truman and John Kennedy. As public confidence today erodes in the Bush administration's handling of Iraq, there's a growing rift between neocon theorists like William Kristol and Robert Kagan and more traditional conservatives who believe America should fight only to protect "hard" national interests, not for what they see as messianic visions of a world transformed by American power.

EXCERPT
by **James Mann**

Profound shift

Increasingly the Vulcans were gravitating toward strategies that focused on offensive military action.... The central figure in these larger conceptual changes was Condoleezza Rice. Bush's national security adviser was outweighed in the administration's inner circles by the older, more experienced figures of Cheney, Powell and Rumsfeld. Yet she was of critical importance in several ways. Of all the top-level officials, she was by far the closest to Bush. When the Defense and State departments were divided, or when Rumsfeld and Cheney advised one course of action and Powell a different one, it was Rice who helped the president reach a decision. She operated at the interface between the president and his political advisers, on the one hand, and his foreign policy team, on the other.

Of all the Vulcans, it was Rice who best personified the profound intellectual shift from the first Bush administration to the second one. Rice had not merely been a "high priestess of arms control." She had risen to prominence as the heir to the foreign policy traditions of Henry Kissinger and Brent Scowcroft. At Stanford and during the first Bush administration she had been an avowed proponent of the doctrine of realism, the belief in a tough-minded foreign policy based on national interests and balance of power diplomacy. During the 2000 presidential campaign and during Bush's initial months in office, Rice appeared to be advocating an updated, modified version of those same realist traditions. American foreign policy, she argued, should focus on the biggest, most powerful countries, particularly China and Russia, and should avoid becoming bogged down in nation-building enterprises. America should not use its military as "the world's 911," she wrote. "... This overly broad definition of America's national interest is bound to backfire as others arrogate the same authority to themselves."

Still, Rice had taken care to avoid alienating the conservatives, who bitterly opposed Kissinger-style realism.

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For all their experience, the Vulcans exhibit some curious blind spots. One is their almost total indifference to international economics. Another is their poor grasp of the limits of military power. During the 1980s and 1990s, with Russia weak and China still emerging as a potential great power, Wolfowitz and other GOP analysts began to propound a new doctrine calling for permanent American military superiority. With no peer competitor in sight, they said, the United States should assert its power to "shape the security environment." This strategy looked beyond the post-war edifice of alliances and collective security institutions toward a new way for America to lead the world—by creating faits accomplis that other nations would have to accommodate. As Wolfowitz said in 1997: "A willingness to act unilaterally can be the most effective way of securing effective collective action." But in reality, as Mann points out, this theory has proved spectacularly wrong in the case of Iraq. "Stronger American policies," he notes, "produced stronger opposition."

In fact, a tendency for headstrong unilateralism marked the Bush administration even before the 9/11 terror attacks. Afterward, the hawkish Vulcans were determined to settle accounts with Saddam Hussein, whom they regarded as essentially a terrorist who controlled an entire oil-rich country. And they were convinced that by showing the requisite determination, they could overcome resistance from allies and the international community in general. Instead, they contributed to the worst breakdown in transatlantic relations since the Suez crisis, a split that has paralyzed the United Nations and contributed to an unprecedented wave of anti-American sentiment in the world.

As Mann notes, Iraq encapsulates key aspects of the Vulcan world view: the need for bold assertions of U.S. power, the belief that America is always on the right side of history, a somewhat naïve optimism that others share that view, and a reluctance to let relationships with other countries constrain our strategic independence. The great question now, of course, is whether the Vulcan project will come to grief in Iraq.

Democrats are likely to object that Mann's account leaves them out almost entirely and gives the Vulcans far too much credit for the resurgence of American power. They have a point: the rebuilding of U.S. strength started late in the Carter years, and the armed forces that the Vulcans used to brilliant effect in Afghanistan and Iraq were modernized and strengthened on President Bill Clinton's watch. Nor did the New Democrats shrink from the vigorous use of U.S. power, intervening in Haiti, Bosnia, and Kosovo without, as Mann points out, seeking any permission slips from the United Nations.

Still, the Vulcans' rise is a ringing reminder of the Republicans' post-Vietnam dominance of defense and foreign affairs. That advantage helps to explain their having won six of the nine presidential elections since 1968. With national security back in the center of U.S. politics, Democrats might consider cultivating some Vulcans of their own. ◆

Like George W. Bush himself, Rice sought to avoid being swept up in the factional disputes among Republicans that had badly damaged Bush's father and, long before him, Gerald Ford. She made sure that the younger Bush, during his presidential campaign, called for "realism in the service of ideals," a slogan that sought to straddle the old Republican divide.

In mid-2001, not long after the editors of the *Weekly Standard* had excoriated the new president for his handling of the spy plane dispute with China, Rice quietly reached out to the neoconservative movement that the magazine represented. Come by my office some time, she told William Kristol, the neoconservative leader; let's talk, instead of merely reading each other's quotes in the newspapers. When Kristol went into the White House for a chat, Rice told him that during a visit to Poland she had been personally moved by the importance and power democracy there. She had become, she suggested to Kristol, a bit less of a believer in realpolitik.

It was Rice, more than anyone else, who viewed the mission on the Vulcans after September 11 as a historic one comparable to that of the post-World War II generation. America was not merely combating terrorism but constructing a whole new order. "The international system has been in flux since the collapse of Soviet power," she told one audience. "Now, it is possible—indeed probable—that that transition is coming to an end... This is, then, a period akin to 1945 to 1947, when American leadership expanded the number of free and democratic states—Japan and Germany among the great powers—to create a new balance of power that favored freedom." ◆

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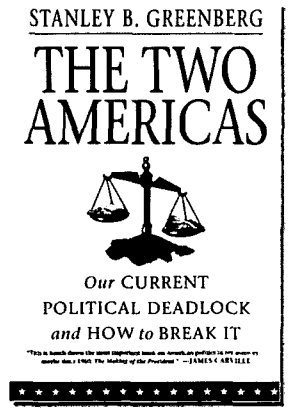
100 percent America

▷ *by* **Ed Kilgore** || The extended trauma of the 2000 presidential election led to a vast number of articles in the popular and political press about "red and blue America." Many were exercises in sociobabble that reflected little understanding of the political trends leading up to 2000, or of the real choices facing both political parties beyond mindless partisan warfare. The title of Stan Greenberg's recent book may lead casual shelf browsers to think it's just another in the series of disposable post-2000 offerings. But it's not. *The Two Americas* is the best available primer on the current state of the electorate, and the strategies under consideration by both parties for 2004 and beyond.



THE TWO AMERICAS: Our Current Political Deadlock and How to Break It *by Stanley B. Greenberg* • St.Martin's Press • 347 pp • $25.95

From the get-go, Greenberg makes clear his belief that the 2000 photo finish was not the beginning point for understanding contemporary politics, but rather "the all too predictable consequence of nearly a half century of political struggle, unsuccessful in the end, to achieve dominance." In his view, the New Deal era (ending with the Eisenhower presidential victory in 1952) was the last time either party achieved an enduring advantage—in votes, or in the battle of ideas. Greenberg examines three prior efforts to break the long deadlock: the "Opportunity Democrat" message of JFK and LBJ in the 1960s; the Reagan Revolution of the 1980s, and what he calls the "Reformed Opportunity Democrats"—a.k.a., the New Democrats of the 1990s. The first effort, he says, ran aground on racial politics, the second expired in the deficits and recessions of the late 1980s, and the third lost steam due to the Clinton scandals of the late 1990s and the ultimate failure of the Gore campaign in 2000.

Greenberg presents an elaborate analysis of the electorate. There are seven categories of Republican loyalists: The Faithful, Country Folk, Deep South, Exurbia, F-You Boys, F-You Old Men, and Privileged Men. There are six groups of Democratic loyalists: African-Americans, Hispanics, Super-Educated Women, Secular Warriors, Cosmopolitans, and Union Families. And there are no fewer than nine swing vote or "contested" groups: Postgraduate Men, Well-Educated Women, Young & Restless, Golden Girls, Devout Catholics, Vulnerable Women, Married Blue Women, Angry Female Blues, and Aging Male Blues.

> "There are **seven categories** of **Republican loyalists**: The Faithful, Country Folk, Deep South, Exurbia, F-You Boys, F-You Old Men, and Privileged Men. There are **six groups** of **Democratic loyalists**: African-Americans, Hispanics, Super-Educated Women, Secular Warriors, Cosmopolitans, and Union Families."

Here one of Greenberg's main strengths—a refusal to oversimplify voter categories in the vain search for one or two electoral "silver bullets"—becomes a real problem for casual readers, who will struggle to keep up with all the categories and their labels, which he uses throughout the book. This is definitely a book to be carefully consumed and digested, not sampled or grazed.

Greenberg is at his best, however, in analyzing the complex motivations of different voter categories, which often elude the usual left-right spectrum of political beliefs. He is especially deft in noting the different attitudes of self-described "winners" and "losers" in the current economy ("losers" being the "blues" of several swing voter categories), which sometimes lead them toward one party and sometimes toward the other.

Most striking, given Greenberg's pedigree as a left-leaning Democrat, is his constant attention to the importance of cultural issues in sustaining the "Revived Reaganism" of the Bush administration, and in repelling downscale voters from Democratic candidates. It's clear Greenberg believes that Al Gore (whom he served as a senior strategist) lost primarily because of his mispositioning and tone-deafness on cultural issues like guns, abortion, and faith.

The most important chapters of *The Two Americas* look closely at proposed Republican and Democratic strategies for winning in 2004, and perhaps even breaking the political deadlock and building a long-term

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majority. The Republican strategy, laid out in a long series of imaginary dialogues between White House political guru Karl Rove and his boss, President Bush, is well-known. It combines a maximized Republican base built on the Reagan pillars of smaller government and lower taxes, strong defense, and traditional, faith-based values, with highly targeted outreach efforts to swing voter categories. This strategy was made far more feasible by 9/11, which enhanced the importance of both national defense and clear values.

Greenberg sets out six alternative Democratic strategies using the device of a fictional conversation among Democratic political consultants. Three are variations on the base-centered Republican strategy, which concedes a closely divided electorate and seeks to make the best of the "two Americas" status quo. Another is what Greenberg calls "the corporate frame," a neo-populist strategy that takes advantage of Bush's cozy treatment of deeply unpopular corporate miscreants. Still another reflects the Clinton/New Democrat emphasis on reassuring voters about perceived Democratic weaknesses, so that the election can turn on Democratic strengths.

While conceding that any or all of these strategies might (or might not) succeed in creating a narrow Democratic win in 2004, Greenberg ends the book by proposing a different strategy, message, and agenda designed to give Democrats the initiative in 2004 and perhaps end the long era of deadlock. He calls it the "100 percent America" strategy, aimed at identifying Democrats with the broad national interest as opposed to special interests. Greenberg outlines seven "big and bold" policy initiatives to undergird the "100 percent America" message, ranging from universal access to private health insurance and to post-secondary education, to a strong Democratic family policy and an "Apollo Project" to achieve energy independence.

There's a certain back-of-the-envelope quality to Greenberg's policy agenda; all he can find to say about the impeding crisis of the baby boom retirement is that Social Security should be left alone.

But policy details aside, the central thrust of Greenberg's argument is right: Democrats should get out of the tactical game of competing with Republicans for marginal votes, and into a broader strategy aimed at identifying the party with national aspirations and values, thereby exposing the narrowness and special-interest nature of Bush's GOP.

> "If **Kerry** can overcome the **assault** and **define himself** as strong on **national security**, independent of Washington interest groups, and firmly within the **cultural mainstream**, he will be **well on his way** to the White House."

For this reviewer, the book has just two major flaws. The first is that Greenberg underestimates the appeal of Republican anti-government rhetoric, and the vulnerability of Democrats on that score unless they combine a serious agenda of government reform with the corporate reforms and new domestic initiatives they generally embrace. That's odd, since Greenberg often notes the anti-government sentiments of key swing-voter categories. The experience of the Gore campaign is instructive: All his solid policy initiatives added up to an inadvertent message that he wanted to expand government to pre-Clinton levels.

The book's second major flaw is in its analysis of the Bush re-election strategy. When Greenberg put his book's manuscript to bed in late 2003, there's no way he could have known that just a few months later, Karl Rove's famous swing-voter strategy would be in ruins, leading the Bush-Cheney campaign to bet the ranch on a harsh, Lee Atwater-style negative assault on John Kerry and a heavy emphasis on divisive cultural issues.

This development, however, makes Greenberg's case for a "100 percent America" message even more compelling. Having harnessed the presidency to a negative, divisive re-election campaign, Bush is now very vulnerable to a Democratic challenger who can occupy the high ground of national unity and purpose that the incumbent has abandoned.

But the expensive and relentless Republican effort to tie Kerry to every pre-Clinton weakness of the Democratic Party also places a high premium on the "reassurance" strategy that Greenberg rightly credits to the Democratic Leadership Council. If Kerry can overcome the assault and define himself as strong on national security, independent of Washington interest groups, and firmly within the cultural mainstream, he will be well on his way to the White House.

Fortunately for Democrats, John Kerry's biography, approach to the big international and domestic issues, and ethic of service are tailor-made for the kind of national-purpose message that the present political context demands. Fortunately for John Kerry, Stan Greenberg has done much of the spadework for how that message can be deployed. The best path to victory in *The Two Americas* is to offer hope that the country can be made whole. ◆

> **Ed Kilgore** is policy director of the Democratic Leadership Council.

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Trade myths

➢ *by* **Edward Gresser** || Jagdish Bhagwati opens his new book, *In Defense of Globalization*, with an excellent question: "Does the world need yet another book on globalization?"

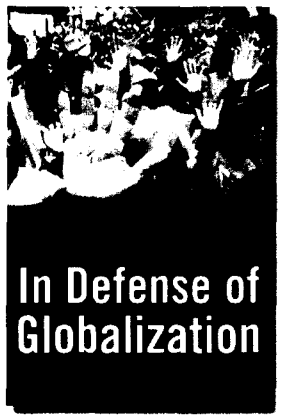
A blunt answer might well be "no." The pile of books published on the topic in the past decade sits on a centuries-old mountain of eloquent comment. Eighty years ago, Herbert Hoover claimed that low-wage competition from Europe and South America would ruin American manufacturers; Franklin Roosevelt, in response, made the classic defense of open markets as a force for growth and peace. A century earlier, one could find Daniel Webster sitting in for Ross Perot and Ralph Nader, pointing out that America could not survive competition with the "pauper" English workers who, he said, earned half the wage of a Pennsylvania mechanic.

What is new in the modern debate? Paleoliberalism has replaced paleoconservatism as the ideological fountain of anti-globalization thinking. But most of the argument is the same, and so are most of the appropriate responses.

Though the world may not need another globalization book, it can certainly benefit from a good one. And Professor Bhagwati's effort is a pretty good one. To the task, Bhagwati brings a remarkable combination of qualities. He has 50 years of experience, as an Indian civil servant, an adviser to the United Nations and the General Agreement on Tariffs and Trade director-general, and a Columbia University academic. His sympathies for developing countries, earnest young activists, and politicians operating in a democracy are manifestly sincere. And, unlike many economists, Bhagwati writes in prose that is clear and often lively. He notes, for example, that "New Hampshire has anti-adultery statutes on the books, but they are dead like a skunk in deep snow"—a reference to the fact that legal reforms won through trade agreements sometimes mean little in practice.

Characterizing himself as "America's leading free-trader," Bhagwati argues that trade and globalization get a raw deal from well-intentioned but uninformed student activists. They are under cynical attack, meanwhile, from self-interested business and labor lobbies. And governments that should stand up to the critics provide only the lamest and weakest of defenses. So he takes up the cause himself.

Rather than put a human face on globalization, Bhagwati argues, its advocates need to explain that the human face is already there. A poignant example is the discussion of child labor, often viewed by student activists as associated with trade. Bhagwati notes, though, that the countries most integrated into the world economy typically see more children at school and fewer at work. A Dartmouth University study of Vietnamese rice farming is his case in point: Vietnam lifted rice export limits in 1993, its sales of rice doubled to 3 million tons by 1998, farmers earned more money as prices rose, and many rice-growing families seem to have used the extra money for extra schooling.



IN DEFENSE OF GLOBALIZATION
by Jagdish Bhagwati • Oxford Press • 308 pp • $28.00

So Bhagwati proceeds through 10 common charges against globalization. Trade does not inflict poverty on poor countries; rather, it helps subsistence farmers and menial laborers escape from poverty by finding better jobs. World Trade Organization dispute settlement allows countries to settle differences peacefully and legally rather than through coercion. He continues, through a look at the weaknesses in allegations that trade undermines labor and environmental standards, a sophisticated response to fears of cultural homogenization, a nuanced defense of multinational firms, and an examination of the role of women in the global economy.

Bhagwati gains credence in this because he is no apologist for the status quo and no repeater of rote doctrine. He is as skeptical of rapid liberalization of capital flows as he is enthusiastic about agreements to open trade in goods, and he is (almost) as critical of India as of the United States. He is as angry about America's insistence on the inclusion of intellectual property rights in trade agreements as he is about its use of trade measures to force Malaysian shrimp boats to use "turtle

> "What is new in the **modern debate**? Paleoliberalism **has replaced** paleoconservatism as the **ideological fountain** of anti-globalization thinking."

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excluder devices." One can disagree with him on copyrights or turtles (or both, as this reviewer does) without missing the strength of his feeling or the force of his argument.

Still, *In Defense of Globalization* is not perfect. Bhagwati's fondness for erudite quotation can be more bewildering than enlightening. On page 73, for example, his discussion of trade's effect on women cites Lex Luthor, Superman, Godzilla, Lady Murasaki, Marcel Proust, Junichiro Tanizaki, Sei Shonagon, and Winston Churchill. Elsewhere, and at unpredictable moments, are excursions into sexism in the Japanese civil service, the music of Tina Turner, and the O.J. Simpson trial.

Bhagwati's editors, meanwhile, leave some small but important factual errors uncorrected. Chapter 2, for example, places the Smoot-Hawley Act in 1934 rather than 1930. The dates may not be far apart, but the effect is to pin Hoover's trade policy on Roosevelt. The 1934 bill, known as the "Reciprocal Trade Agreements Act," was actually an attempt to undo Hoover's work.

This leads us to the most puzzling gap in the book. Bhagwati explains much about our network of trade policies and agreements. But his book never poses the basic question: Why are they there at all? Here is where a closer look at the 1930s might have helped.

Roosevelt and his successors believed that Smoot-Hawley and its analogues overseas not only prolonged the Depression but deepened the era's political tensions. Speaking at an inter-American conference in Argentina in 1936, Roosevelt observed sadly, "Every nation of the world has felt the evil effects of recent efforts to erect trade barriers of every known kind. Every individual citizen has suffered from them. It is no accident that the nations which have carried this process farthest are those which proclaim most loudly that they require war as an instrument of their policy," or that the citizens of such countries, because of "these suicidal policies and the suffering attending them ... have come to believe with despair that the price of war seems less than the price of peace."

> "**Bhagwati explains** much about our network of trade policies and **agreements**. But his book never poses the basic question: **Why are they there** at all?"

Postwar trade policy has, at its heart, been an effort to undo those policies and help to secure peace. This was the rationale for Harry Truman in creating the GATT system in the 1940s, for Schumann and Monnet in launching Europe's economic integration in the 1950s, and for Bill Clinton integrating China five years ago.

A book aiming to ease the fears of contemporary liberalism about trade would do well to explain this, as well as to respond to the critics. Bhagwati's book on globalization, with all its many virtues, somehow misses the opportunity. The world may yet need another one. ◆

RISING EXPORTS: Bhagwati explodes myths about child labor and family farming. He cites a Dartmouth study that shows how lifting export limits on Vietnamese rice not only helped rural families prosper but sent more of their children to school.

Edward Gresser is director of the Project on Trade and Global Markets at the Progressive Policy Institute.

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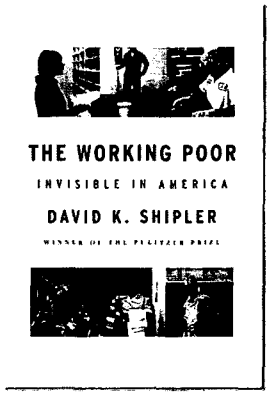
Poverty is back

> *by* **Traci Gleason** || The concept of the "working poor" has gained prominence in the post-welfare reform era. As welfare rolls shrunk, the focus shifted from the dependent poor to the working poor. It was obvious that without substantial outside support, even families with full-time low-wage workers were still earning less than the official poverty line.



THE WORKING POOR: Invisible in America *by David K. Shipler* • Knopf • 336 pp • $25

And while American society purports that anyone can prosper if they work hard enough, it became apparent that with inadequate opportunity or bad luck, a growing number of families could not attain the American dream, or even break the cycle of poverty. The new challenge for American social policy is to help the working poor lift themselves out of poverty. That's why progressives who supported ending welfare as we know it have set a new goal—the government should "make work pay" so that no one who works full time is poor.

After substantial decreases in the 1990s, poverty rates stopped their decline in 2000 and have actually started to again creep upward. The great conundrum of how one simultaneously alleviates the multiple causes of poverty has become a central obstacle to poverty reduction. Into this debate comes author David Shipler, a former New York Times Pulitzer Prize winner, with an aptly titled look at the state of poverty in America today, *The Working Poor*. Shipler's book is more anecdotal and descriptive than analytical and prescriptive. Yet it is a valuable portrait of poverty in America, just as Michael Harrington's landmark book, *The Other America*, was in 1962. While he does not offer many concrete solutions, Shipler provides readers with an intimate glimpse of the plight of the working poor, whose lives are in sharp contrast to the images of excess with which our society is constantly bombarded. And, like Harrington's work, Shipler's leaves us with the feeling that many of the country's poor are trapped in a spiral of poverty— albeit working poverty—from which there is no obvious escape. He describes the entangling forces that grip many of the poor:

> For practically every family, then, the ingredients of poverty are part financial and part psychological, part personal and part societal, part past and part present. Every problem magnifies the impact of others, and all are so tightly interlocked that one reversal can produce a chain reaction with results far distant from the original cause. A rundown apartment can exacerbate a child's asthma, which leads to a call for an ambulance, which generates a medical bill that cannot be paid, which ruins a credit record, which hikes the interest rate on an auto loan, which forces the purchase of an unreliable used car, which jeopardizes a mother's punctuality at work, which limits her promotions and earning capacity, which confines her to poor housing.

> "The **ingredients of poverty** are part **financial** and part **psychological**, part **personal** and part **societal**, part **past** and part **present**."

Caroline Payne, who as a child bounced back and forth between caretakers after her parents' divorce, is one of the impoverished workers Shipler offers to illustrate the point. After two divorces and four children, Caroline worked several low-wage jobs. The jobs, and the odd hours that often accompanies unskilled labor, became more difficult to maintain as she tried to arrange appropriate schooling and after-school care for her learning disabled daughter. Promotions in jobs she kept were difficult to come by because along the way she lost her teeth when she couldn't afford dental care on her modest income. Not owning a car, Caroline had limited employment options.

How can America break this cycle of poverty? Many social policy experts agree with Shipler's assertion that to address the many problems of the poor, families must be able to enter a "web of assistance." They need to access a variety of services from a single point of entry, including nutrition, housing, education, job or parenting skills, or other services. While today's fragmented, top-down programs attempt to address poverty in a piecemeal fashion, government and society must provide a holistic approach to be successful.

Shipler illustrates this holistic approach through the efforts of Dr.

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Barry Zuckerman at the Boston Medical Center, who added attorneys to his pediatrics department staff to "practice preventive medicine." The attorneys assist doctors in addressing aspects of a family situation outside a doctor's control or expertise—such as accessing food stamps or dealing with negligent landlords—that still affect a child's health.

But holistic approaches are rare. The most successful interventions tend to come from individual efforts by a charismatic, motivated leader who garners the interest of local stakeholders and private financial backers. This seems to be true in the case of Zuckerman. When other doctors complained that children were pocketing books from the clinic waiting room, he looked on the bright side—"maybe that's good ... they'll have them at home." The result was a nationwide program where clinics provide children with books to take home during their visits. Moreover, he's rallied the support of outside stakeholders—foundation grants and other private monies fund his team of attorneys.

The approach is appealing to well-meaning federal or state policy specialists attempting to craft proposals to reduce poverty and its effects, but difficult to emulate. Shipler may not realize it, but his approach resonates with other "third way" policy approaches that attempt to blend the best of government intervention, entrepreneurial innovation, the efforts of volunteer and philanthropic organizations, and personal responsibility.

The inherent difficulty in tailoring this approach to poverty policy—or any policy for that matter—is determining which resources to devote to which type of program, and how much responsibility each segment of society bears for improving overall circumstances. This is particularly challenging in today's budgetary environment, with compartmentalized funding streams, each of which has its own entrenched political support. While the coherent, holistic approach that Shipler advocates would certainly be the most effective, it is in fact very difficult, if not impossible, to dictate these methods from above.

In many ways, Shipler's book illustrates that policy development, without specific knowledge of the needs and circumstances of a local community, often fails to translate into change at the local level. While well-meaning federal policy offers assistance in the areas of housing, food, education, health care, and child care, it fails to adequately bring them all together. But it cannot. A practical and convenient way to deliver holistic services in Brooklyn is unlikely to work in rural Alabama.

> "While **well-meaning** federal policy offers **assistance** in the areas of **housing**, food, education, health care, and **child care**, it **fails** to **adequately** bring them all together. But it **cannot**."

That said, while we can work to continually modify our governmental and service delivery systems, we must begin by working within the existing system. Policymakers must define the role of the federal, state, and local governments in facilitating local efforts. Some liberals would like to simply spend more on existing top-down approaches. Many conservatives would like to privatize these services, or abdicate responsibility to faith-based or philanthropic organizations. Shipler flatly rejects these polarized ideologies, again embracing a third way philosophy that policy should synthesize the best of both approaches.

One could argue that the federal government should provide the infrastructure to support basic approaches to the problems of poverty—for example, to avoid wide disparities among states. While allowing for differences according to local circumstances, policymakers must prescribe nationwide standards so that a poor person in New Mexico has access to a level of services comparable to those in Vermont. The federal government must also provide adequate resources, so that all our citizens have the opportunity to break the cycle of poverty, despite competing local interests or attitudes toward the disadvantaged.

Of course, none of Dr. Zuckerman's innovations were the result of direction from the federal government (or even adequately supported by the feds). Local efforts to supplement federal funding and direction, including those of local government and philanthropy, are critical to tailoring programs to the specific needs of local communities, and should be leveraged through federal funding. The final ingredient is responsibility, both personal and collective. Individuals must be empowered to improve their own lives, and the community must support the effort rather than look the other way, or looking past the working poor, who can so easily blend into the background.

Shipler concludes the book with these thoughts: "Workers at the edge of poverty are essential to America's prosperity, but their well-being is not treated as an integral part of the whole. Instead, the forgotten wage a daily struggle to keep themselves from falling over the cliff. It is time to be ashamed." No, it is time to move past the ideology and make work pay for all Americans. ◆

Traci Gleason is director of Health and Social Policy at the Progressive Policy Institute.

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Defining moment

My 88-year-old mother asked me recently whether John Kerry is really as big a taxer as President Bush says he is.

My mother lives in Sun City West, Arizona. Arizona is one of the battleground states that Republicans are bombarding with negative ads aimed at defining Sen. Kerry as a tax-and-spend Massachusetts liberal.

Her remark reminded me how important definition has become in modern day presidential politics. The bottom line is this: For the past quarter century, the outcomes of presidential elections have usually been determined by how the race and the candidates are defined.

In 1980, Ronald Reagan defined President Jimmy Carter as a weak, tax-and-spend liberal. Once Reagan convinced voters that he could be trusted with American power, he won easily.

Four years later, Reagan again defined the race on his terms. This time he defined former Vice President Walter Mondale as a tax-and-spend, interest-group liberal, while running optimistic "morning in America" ads to define himself. The outcome: a 49-state Reagan landslide.

In 1988, Michael Dukakis held a 17-point lead after the Democratic National Convention—and Democrats thought they would defeat Vice President George H. W. Bush. But Bush defined Dukakis as a Massachusetts liberal—a card-carrying member of the American Civil Liberties Union who let dangerous criminals out on furlough, who disdained the pledge of allegiance and the flag, and who wasn't up to defending our country. Bush won a 40-state victory.

In 1992, Bill Clinton didn't let the Republicans define him. He defined himself as a New Democrat different than the Democrats Americans had been voting against throughout the 1980s. Clinton became the candidate of change and Bush the candidate of the status quo. Voters chose change.

In 1996, Clinton hammered on his theme of "building a bridge to the 21st century," defining the election as a contest between our country's future and its past. His opponent, Senator Bob Dole, re-enforced that definition with a backward-looking campaign. Clinton won handily.

In 2000, George W. Bush stole a page from Clinton's book. He defined himself as a "compassionate conservative"—a Republican aping of the New Democrat approach. Vice President Gore enabled him to get a way with that by mysteriously distancing himself from Clinton's record and New Democrat campaign strategy.

The 2004 election will be no different. With the number of Democratic and Republican partisans just about equal, swing voters will decide this election. Swing voters are won by persuasion. Definition is the key to persuading them.

So it's no wonder that George W. Bush—who can't run on his record and is offering not one idea to merit a second term—is spending a small fortune on television ads to define John Kerry negatively.

Never mind that Bush's tactic diminishes himself and the presidency. He sees it as the only way he can keep the White House—and that seems to be all he really cares about.

So how should Kerry respond?

He needs to fight back—smartly and strategically.

Kerry can look to the Clinton campaign for guidance.

In 1992, Bush's father used virtually the same attack strategy against Bill Clinton.

Daddy Bush accused Clinton of raising taxes more than 125 times as governor of Arkansas. The Bush campaign wanted a debate over how many times Clinton raised taxes, and as long as the Clinton campaign argued over the number, Bush cut into Clinton's lead. Then Clinton parried the attacks by presenting himself as a different kind of Democrat who was tough on crime and would "end welfare as we know it." Clinton countered the Bush tax ads with a welfare reform ad—and within a week gained back the ground he had lost.

By answering the Bush attacks on his own terms, he reversed the political equation. He not only deflected the Bush attacks, but also defined himself on his own terms.

Kerry needs to follow that same course. He needs to avoid debating how many times he voted to increase taxes. Like any U.S. senator who has served for more than 19 years, Kerry has cast thousands of votes; his record can be easily distorted. Rather, he needs to respond to Bush's scurrilous attacks by defining himself as a reformer who supported ending welfare and adding 100,000 cops, who is a deficit hawk and wants to slash corporate welfare, who supports ending teacher tenure and expanding charter schools, and who advocates tax reform to promote the new economy. That's how he can convince my mother, and millions of other voters, that he's a reformer, not a tax-and-spender. ◆

> **Al From** is founder and CEO of the Democratic Leadership Council.

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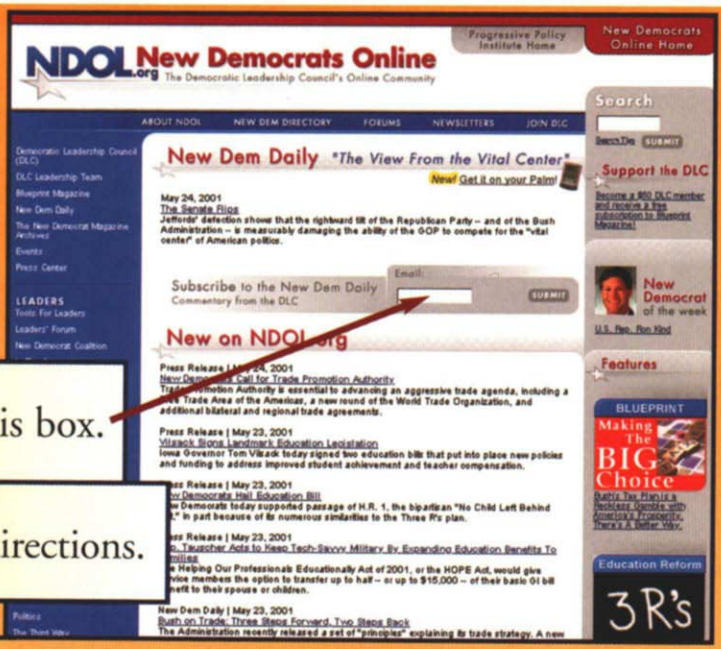
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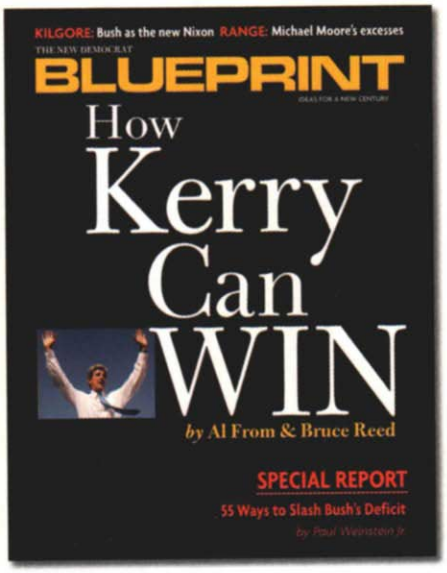

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